CITY OF

BEDFORD

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending September 30, 2016

BEDFORD, TX

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2016

PREPARED BY

FINANCE DEPARTMENT

City of Bedford, Texas

September 30, 2016

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September 30, 2016

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Introductory Section

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CITY of BEDFORD

2000 FOREST RIDGE DRIVE, BEDFORD, TEXAS 76021-1895

January 31, 2017

Citizens of Bedford, Honorable Mayor,
Members of the City Council and City Manager:

The Administrative Services Department is pleased to submit the Comprehensive Annual Financial Report for the City of Bedford, Texas (City), for the fiscal year ended September 30, 2016. This report was prepared through the cooperative effort of the Administrative Services Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, organizational chart and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules. The statistical section includes a variety of financial and demographic information presented on a multiyear basis that is relevant to a financial statement reader. The financial section is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB).

CITY PROFILE

The City of Bedford is a predominately residential community located in Tarrant County, near several major transportation links between Dallas and Fort Worth. It is part of the "Metroplex" of North Central Texas, which includes the cities of Dallas and Fort Worth. The City of Bedford is bordered on the east and south by the City of Euless, on the west by the City of Hurst and on the north by the City of Colleyville. Bedford lies approximately five miles from the Dallas/Fort-Worth International Airport, 12 miles from downtown Fort Worth and 20 miles from downtown Dallas. There are three State Highways (183, 121, 157) and two Interstate Highways (35, 30) serving the City with the nearest Interstate located six miles away.

The City was incorporated in 1953 under the general laws of the state of Texas and the voters approved the current charter in 1966. The City is a home rule city and operates under the Council/Manager form of government. The City Council is composed of a mayor and six council members elected at large every three years.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require that general-purpose financial statements present the City (primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on this criterion, the following blended component unit is included. The City of Bedford Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as a Special Revenue Fund as if it were part of the primary government because its sole purpose is to operate, maintain and finance the costs of the City's street improvements using sales taxes collected under Section 4B of the *Development Corporation Act of 1979*.

Services provided by the City under the general governmental functions include police and fire protection, emergency medical services, planning and zoning, code enforcement and inspections, street maintenance, parks, recreation, library and senior citizen services. A Special Revenue Fund is used to account for revenues derived from hotel/motel taxes, with proceeds used to promote tourism. Water and sewer services are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Drainage maintenance services are also provided under the enterprise fund concept, implemented in 1991 in accordance with amendments to Title 13 of the *Texas Local Government Code*.

The water supply for the City of Bedford is provided by the Trinity River Authority (TRA), which provides treated water to Bedford, Euless, Colleyville, Grapevine and North Richland Hills pursuant to separate, but similar contracts dated January 21, 1972 and April 25, 1979. In October 1973, the Trinity River Authority (Central Regional Wastewater System) entered into a 50-year contract with numerous cities in the Metroplex, including the City of Bedford for construction of a wastewater treatment plant to service all contracting parties.

The original 50-year duration of the contract is automatically extended through the latest maturity of any TRA outstanding debt issues.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements should be considered from the broad perspective of the specific environment within which the City operates.

In recent years, the City of Bedford, located in the heart of the Dallas/Fort Worth Metropolitan area (DFW), has experienced a significant slowdown in population growth. The 2010 census reflects a population of 46,979, which is approximately a 0.4% decrease from the census results of 2000. However, current population estimates are projected to be 49,151 or 4.6% above the census results.

Multiple light manufacturing firms are located in Bedford, as well as a variety of commercial establishments, restaurants, health care facilities, retail stores, shops and food stores. Several of the retail shopping centers in the City are undergoing renovation and expansion. Undeveloped property accounts for approximately 3.0% of the total area in the City.

The City is not financially dependent upon any one industry, or type of industry. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the community. Last year, the City experienced a significant upswing in sales tax revenue, primarily related to a change in the economic landscape, which increased by 10.6% over the previous year. But this year, the sales tax revenue declined slightly by 2.4% or $261,209, also due to a similar change in the City's economic landscape.

As a policy, the City Council has set certain economic goals that are intended to attract high quality, visually appealing businesses, as well as revitalize and invest in areas that have seen some deterioration of economic activity. By emphasizing the need to be more business friendly, the goals of the City Council seek to provide the general direction for future land use plans and decisions for the City.

Current longer range financial planning primarily revolves around several major water/sewer system infrastructure projects as well as significant improvements to our drainage system. In addition, as the City is approximately 97% built out, significant planning initiatives are being considered to provide for re-development of certain aging corridors within the City.

A few years ago, the City witnessed the widening of State Highway 183 (Airport Freeway), which runs eastbound/westbound through the center of town. During this period, Bedford officials were highly successful in retaining existing businesses while recruiting new ones to the newly expanded highway corridor. In addition, the City is working diligently with property owners to maximize development opportunities as a result of the expansion. This includes creating incentive agreements between the City and the business community that creates jobs, enhances the tax base and secures revenue resources for Bedford.

To the extent that operations result in surplus funds, we will continue to fund various capital needs of a one-time nature from the surplus rather than issuing unnecessary debt.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The budgetary process begins each year with the preparation of revenue estimates by the City's Administrative Services Department staff and expenditure estimates by each City department. Estimates are reviewed by the City Manager, and evaluated within the total financial framework. Budget proposals are recommended by the City Manager and reviewed extensively by the City Council, a process that includes a public hearing. After the conclusion of the public hearing, the City Council may make changes as deemed appropriate. The budget as amended is then adopted by ordinance, which also adopts the tax rate.

In addition, the annual budget also contains a capital improvement program which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. The capital program includes a list of all capital improvements that are planned during the upcoming five fiscal years, cost estimates, time schedules and methods of financing for each improvement.

GENERAL GOVERNMENTAL FUNCTIONS

Property Taxes

All eligible property within the City is subject to assessment, levy, and collection of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under state law, the City is limited to a maximum tax rate of $2.50 per $100 assessed valuation.

In addition, the City's home rule charter limits the tax rate to a maximum of $1.50 per $100 assessed valuation.

The appraisal of property within the City is the responsibility of the Tarrant Appraisal District (TAD). The City of Bedford and other taxing jurisdictions in Tarrant County provide a pro rata share of the budgeted expenditures incurred by TAD based upon individual levy. The City contracts with the Tarrant County Tax Office for tax billing and collection services.

OTHER INFORMATION

Audit

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected and engaged by the City Council. The Independent Auditor's Report is included in the financial section on *page 1* of this report and is unmodified with respect to the conformity of the financial statements with generally accepted accounting principles.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bedford for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. In addition, an award winning CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the 20th consecutive year the City of Bedford has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for their consideration.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Administrative Services Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Special acknowledgment is extended to Paula McPartlin and Crystal Segovia, whose hard work and dedication was instrumental in the preparation of this report. Acknowledgment is also given to representatives of **BKD, LLP** for their assistance in producing the final product. This was the fifth year in which BKD conducted its audit of the City's financials and a considerable amount of time and effort has been given in order to ensure accuracy. Our appreciation is extended to the Mayor, the members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Clifford Blackwell, C.G.F.O.
Director of Administrative Services

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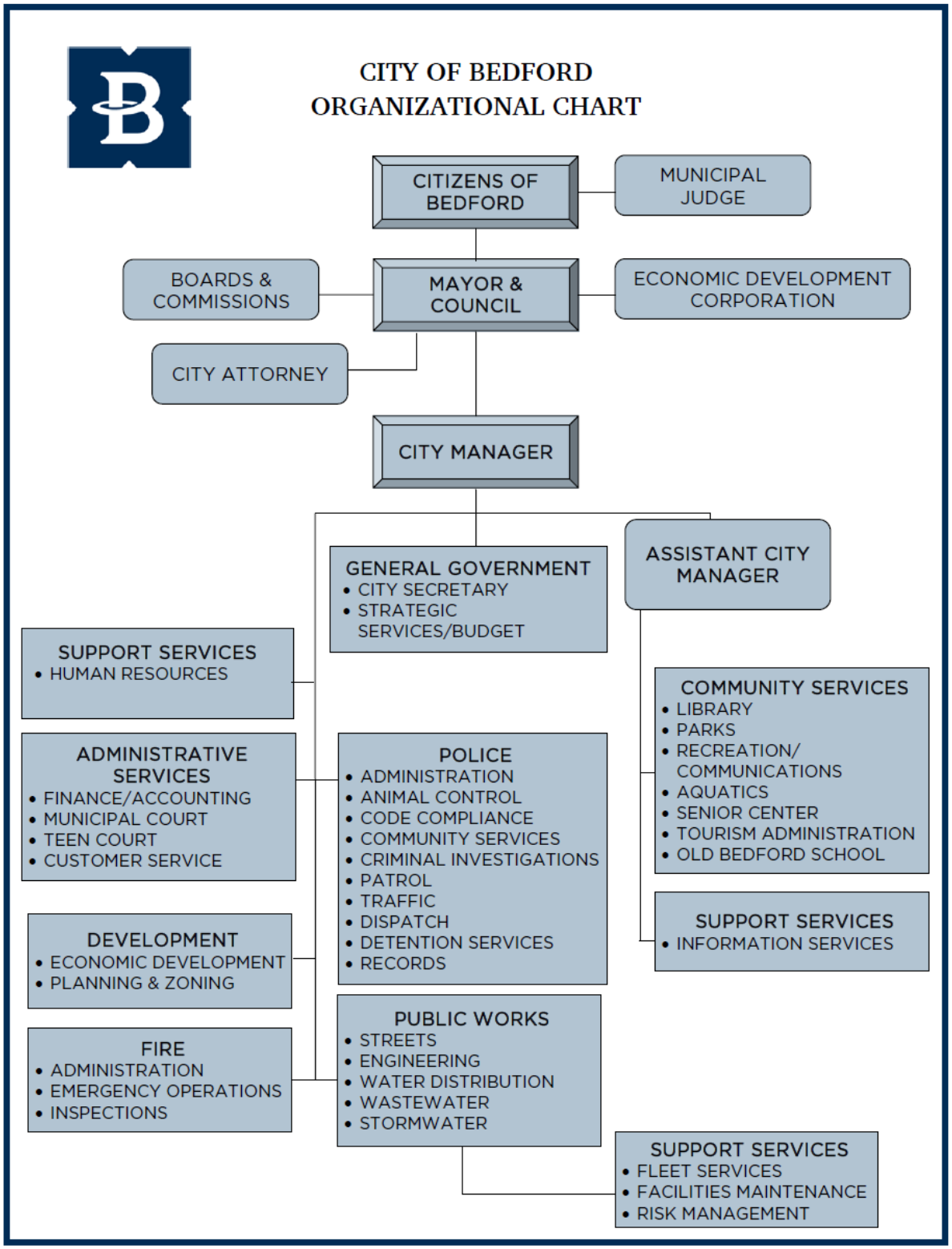
CITY OF BEDFORD
ORGANIZATIONAL CHART



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City of Bedford, Texas

Principal Officials
Fiscal Year 2015 – 2016

ELECTED

CITY COUNCIL

Jim Griffin – Mayor

Rusty Sartor, Council Member, Place 1

Dave Gebhart, Council Member, Place 2

Ray Champney, Council Member, Place 3

Steve Farco, Council Member, Place 4

Dr. Roy Turner, Council Member, Place 5

Roger Fisher, Mayor Pro Tem, Place 6

SENIOR STAFF

Roger Gibson – City Manager

Kelli Agan.....Assistant City Manager

Michael Wells.....City Secretary

Jill McAdams.....Director of Human Resources

Jeff Gibson.....Police Chief

Sean Fay..... Fire Chief

Kenneth Overstreet ..... Director of Public Works/Engineering

Clifford W. Blackwell, III..... Director of Administrative Services

Bill Syblon ..... Director of Development

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bedford Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Christopher P. Morrill
President

Jeffrey R. Esser
Executive Director

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Financial Section

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BKD LLP
CPAs & Advisors

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972.702.8262 // fax 972.702.0673 // bkd.com

Independent Auditor's Report

The Mayor and City Council
City of Bedford, Texas
Bedford, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Texas (City), as of and for the year ended September 30, 2016, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Comparative Information

The financial statements include certain summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2015, from which the summarized information was derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, including the combining fund statements and budget and actual schedules listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
January 31, 2017

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City of Bedford, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2016

The discussion and analysis of the City of Bedford's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the accompanying letter of transmittal and the City's basic financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $60,684,515 (net position). Of this amount, $4,486,890 of unrestricted net position (deficit) has been designated by the City Council for a future special project.

The City's net position increased $6,493,519 or 12%. This increase is primarily due to a recognition of revenue that pertains to an economic incentive forfeiture, as well as increases in charges for services and taxes. The recognition of revenue stems from an agreement in which the terms forfeited resources back to City coffers. The increase in charges for services stems from water and sewer rate increases as approved by the city council to match the rate increases passed on by the wholesale provider, TRA, as well as to maintain current service levels. As a result, the operating revenue for water and sewer charges increased from $18,968,552 to $20,083,419 for fiscal years 2015 to 2016, respectively; resulting in an increase of $1,114,867 or 5.9%.

As of September 30, 2016, the City's governmental funds reported combined ending fund balances of $21,261,427, an increase of $2,421,683 in comparison with the prior fiscal year, due to increases in taxation as well as miscellaneous revenue. The City completed phase-one of the Boys Ranch Park Improvement Project, which consisted of dredging the lake, installing new pavilions, adding new bridges and playground equipment as well as additional walking trails for a total of $3.3 million. As of result of this project's completion, the capital projects fund balance decreased substantially from the prior year, thus removing it as a major governmental fund category. However, this has not impacted the unassigned portion of the combined ending fund balance, which is reported at $7,437,211, or 35% of the total. In addition, this unassigned portion has increased $237,305 or 3.3% above the $7,199,906 that was reported last year.

As of September 30, 2016, the fund balance for the General Fund increased by $4,773,616, or 63.4%, to a grand total of $12,300,198. This increase was the result of a $4,725,632, or 17.3%, increase in total revenues, primarily in the area of taxes and miscellaneous revenues. Tax revenues increased from $20,673,816 in the prior year to $21,355,591, which is an increase of $681,775, or 3.3%, in property tax revenues due to increased tax levies. The City's recognized miscellaneous revenues increased by $4,365,863 from the prior year as result of a defunct incentive agreement. The increase in total revenues was partially offset by a $668,811, or 2.2%, increase in operating expenditures.

The City's total debt obligations increased from $50,170,767 to $72,699,466 primarily due to issuance of the *Series 2015 Certificates of Obligation* as part of the State Water Implementation Revenue Fund for Texas (SWIRFT) program. In addition, as a part of annual debt service requirements, principal payments of $7,215,000 were made during the 2015/2016 fiscal year.

Using This Annual Report

This discussion and analysis serves as an introduction to the City's basic financial statements. This comprehensive annual financial report consists of a series of financial statements.

The statement of net position and statement of activities provide information about the activities of the City as a whole and presents a long-term view of the City's finances.

The next section is the fund financial statements. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

This report also includes other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position (the difference between assets and deferred outflows of resources, what the citizens own, and liabilities and deferred inflows of resources, what the citizens owe) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. In assessing the overall health of the City it is important to consider other nonfinancial factors including changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the overall financial health of the City.

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation and general administration. Taxes (property, sales, franchise, mixed beverage), licenses/permits, charges for services and fines/forfeitures finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer and stormwater system facilities are reported here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues.

The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how available resources flow into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps financial statement readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds within two reconciliations which outline individual financial items or factors converting the modified basis of accounting presentation to the full accrual basis of accounting presentation. These can be found following both the balance sheet and statement of revenues, expenditures and changes in fund balances.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Generally speaking, a city maintains two different types of proprietary funds to record charges for the full cost of the services it provides whether to outside customers or to other units of the city. These services are reported in either Enterprise Funds or Internal Service Funds.

- **Enterprise Funds** – Are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer and stormwater operations.
- **Internal Service Funds** – Are an accounting device used to accumulate costs internally among various functions of the City. The City currently has no operations that qualify as an Internal Service Fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources would not be available to support the City's own programs. The City currently has no fiduciary funds.

Major Governmental Funds

As noted, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of governmental funds is to provide information on inflows, outflows and balances of spendable resources. Information such as unassigned fund balance serves as a useful measure of the City's ability to finance unforeseen upcoming obligations. As a measure of the General Fund's liquidity, year ending unassigned fund balance of $7,437,211 represents 22.8% (approximately 82 days) of next year's budgeted expenditures.

The Debt Service Fund has a total fund balance of $944,473, all of which is reserved for the payment of debt. It increased by $7,566 or 0.8% during the current year, due to tax assessment income levels exceeding total expenditures from the fund. The fund has been used to not only pay annual debt service requirements but it also covers contractual service costs for arbitrage calculations as well as a pro-rata share of investment advisory services. These expenditures contribute to the total payment from the Debt Service Fund.

The Economic Development 4B Fund has a total fund balance of $3,612,967, most of which is reserved for street infrastructure improvements and maintenance. The current year fund balance decreased by $100,404 or 2.7% due to sales tax revenue declines. This decrease is primarily related to the acquisition of a City based sales/distribution center during the fiscal year which is no longer in the City's tax base.

The City as a Whole

The City's combined net position changed from a year ago, increasing from $54,190,996 to $60,684,515. The net position and net expenses of governmental and business-type activities have significant changes occurring this year. The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

Net position of the City's governmental activities increased by $5,654,658 (34.9%), from $16,186,822 last fiscal year, to $21,841,480 as of September 30, 2016, primarily due to increased tax revenues and an incentive forfeiture. This was achieved in conjunction with a reduction in total liabilities of $7,124,170 or 13.1%. In the business-type activities, the net position increased from $38,004,174 to $38,843,035, or 2.2%, primarily due to the increased water and sewer sales and charges for services. The unrestricted net position of the City's governmental activities (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) improved from ($3,086,535) to ($684,096) as of September 30, 2016, or 77.8%. The primary reason for the increase resulted primarily from incentive forfeiture (which the City earmarked for future special projects). The unrestricted net position of the business-type activities increased from $4,062,030 to $4,454,409 as of September 30, 2016, or 9.7%. The primary reason for the increase is related to ongoing positive operations of the Water and Sewer fund.

Restricted net position of the City, those restricted mainly for debt service, economic development, public safety and parks and beautification decreased from $6,583,532 to $5,917,583, or 10.1%, resulting from various incremental changes.

The largest portion of the City's net position, 84%, reflects an investment in capital assets, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Resources needed to repay debt associated with acquisition of these assets must be provided from other sources, since the capital assets themselves cannot be used for this purpose.

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current	$ 25,738	$ 26,053	$ 13,095	$ 10,135	$ 38,833	$ 36,188
Internal balances	200	300	(200)	(300)	-	-
Restricted investments	-	-	26,980	-	26,980	-
Capital assets	41,129	43,066	48,022	48,884	89,151	91,950
Total assets	67,067	69,419	87,897	58,719	154,964	128,138
Deferred outflows of resources	2,377	1,229	286	154	2,663	1,383
Current liabilities	10,895	13,992	4,647	4,028	15,542	18,020
Long-term liabilities	36,253	40,282	44,643	16,822	80,896	57,104
Total liabilities	47,148	54,274	49,290	20,850	96,438	75,124
Deferred inflows of resources	454	187	50	19	504	206
Net position (deficit)						
Invested in capital assets, net of related debt	16,608	12,690	34,389	33,942	50,997	46,632
Restricted	5,918	6,584	-	-	5,918	6,584
Unrestricted	(684)	(3,087)	4,454	4,062	3,770	975
Total net position	$ 21,842	$ 16,187	$ 38,843	$ 38,004	$ 60,685	$ 54,191

- **Governmental Activities** – Net position for Governmental Activities increased by $5,654,658. This was primarily caused by a significant increase in miscellaneous revenue by $4,158,768, or 1067%, due to a forfeiture from a counterparty-canceled economic agreement.

- **Business-type Activities** – The City's business-type activities were $21,570,826 for the fiscal year ended September 30, 2016. Expenses for these activities were $17,255,668, resulting in income of $4,315,158 from operations before nonoperating revenues and expenses. Net position with the inclusion of nonoperating activities and transfers increased by $838,861. This is primarily due to increased water and sewer rates as approved by the City Council for January 2016, offset by increased expenses related to the purchase of water.

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	$ 6,500	$ 6,899	$ 21,571	$ 20,405	$ 28,071	$ 27,304
Operating grants and contributions	42	61	-	-	42	61
Capital grants and contributions	135	80	163	326	298	406
General revenue						
Property taxes	15,508	14,543	-	-	15,508	14,543
Other taxes	15,579	15,840	-	-	15,579	15,840
Interest and investment earnings	86	46	174	15	260	61
Other general revenues	4,527	425	(40)	-	4,487	425
Total revenues	42,377	37,894	21,868	20,746	64,245	58,640
Expenses						
Public safety	20,781	22,265	-	-	20,781	22,265
Leisure services	4,364	4,069	-	-	4,364	4,069
Community services	1,876	1,744	-	-	1,876	1,744
General government/administration	5,430	5,394	-	-	5,430	5,394
Public services	5,983	3,655	-	-	5,983	3,655
Interest on long-term debt	932	1,301	-	-	932	1,301
Water and sewer	-	-	17,511	16,746	17,511	16,746
Stormwater	-	-	874	957	874	957
Total expenses	39,366	38,428	18,385	17,703	57,751	56,131
Increase (Decrease) in Net Position Before Transfers	3,011	(534)	3,483	3,043	6,494	2,509
Transfers	2,644	2,480	(2,644)	(2,480)	-	-
Change in Net Position	5,655	1,946	839	563	6,494	2,509
Net Position, Beginning of Year	16,187	14,241	38,004	37,441	54,191	51,682
Net Position, End of Year	$ 21,842	$ 16,187	$ 38,843	$ 38,004	$ 60,685	$ 54,191

General Fund Budgetary Highlights

General Fund budget to actual performance for the fiscal year outperformed budgetary expectations in both revenues and expenditures. Total operating revenues were $32,102,918 exceeding budgetary expectations by $4,043,514, and total operating expenditures were $30,512,482 below budgetary expectations by $485,632. Before other financing sources and uses, this resulted in a surplus of $1,590,436, which was $4,529,146 better than budgetary expectations. The increase in total operating revenue is primarily related to the forfeiture of an incentive agreement through cancellation of the agreement. This balance previously recorded as a liability due to the counterparty was released by the City and recognized as revenue during the fiscal year. Coupled with net other financing sources totaling $3,183,180, the General Fund completed the fiscal year with a positive variance that resulted in a $4,773,616 net increase in fund balance.

The City's Funds

The following tables present a summary of General, Special Revenue, Capital Projects and Debt Service Fund revenues and expenditures for the fiscal year ended September 30, 2016, and the amount and percentage of increases and decreases in relation to the prior year:

	2015	2016	General Revenues (in thousands) 2016 Percent of Total	Increase (Decrease) from 2015	Percent Increase (Decrease)
Taxes	$ 30,730	$ 30,860	73%	$ 130	0%
Licenses and permits	871	693	2%	(178)	(20%)
Charges for services	3,591	3,959	9%	368	10%
Fines and forfeitures	1,949	1,660	4%	(289)	(15%)
Intergovernmental	648	366	1%	(282)	(44%)
Interest	46	86	0%	40	87%
Miscellaneous	486	4,793	11%	4,307	886%
Total	$ 38,321	$ 42,417	100%	$ 4,096	905%

	2015	2016	General Expenditures (in thousands) 2016 Percent of Total	Increase (Decrease) from 2015	Percent Increase (Decrease)
General government	$ 2,229	$ 2,006	5%	$ (223)	(10%)
Community services	1,682	1,806	4%	124	7%
Public services	2,623	3,264	8%	641	24%
Administrative services	2,058	2,194	5%	136	7%
Public safety	18,346	19,384	45%	1,038	6%
Leisure services	4,046	4,291	10%	245	6%
Capital outlay	5,155	2,943	7%	(2,212)	(43%)
Debt service	7,134	6,819	16%	(315)	(4%)
Total	$ 43,273	$ 42,707	100%	$ (566)	-7%

The increase in miscellaneous revenue relates to an incentive program of the City and was previously discussed. Public service activities increased $641 thousand as a result of increased contract labor for street overlays. The increase in public safety of $1.02 million was primarily a result of increased personnel and minor equipment costs. Capital outlay decreased by $2.21 million as bond proceeds were used more significantly in the prior year.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2016, the City had $277,926,024 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and stormwater facilities. This represents a net increase of $3,435,067, or 1.3%, over last year. Capital assets net of depreciation decreased by approximately $2,799,343, or 3.0%, due to depreciation exceeding additions. The City's capital plans for fiscal year 2016/2017 call for expenditures of approximately $19.7 million for capital projects, primarily in the following categories: streets, drainage, water and sewer distribution system. The majority of the scheduled capital improvements are water and sewer related.

For fiscal year 2016/2017 the estimated capital improvement for water and sewer projects is $14,900,000. The most notable of these projects is for automated meter reading (AMR) which is estimated at $15 million over two years, the majority of which ($10 million), is proposed for the first year. This project is part of the SWIFT program in which the City was approved for $90 million for water conservation. The AMR project will replace all water meters throughout the City with technologically advanced meters that can measure water usage in more frequent intervals, in an effort to prevent water loss. Other water and sewer projects consists of distribution main replacements. During fiscal year 2014/2015 the City endured 62 main breaks; in fiscal year 2015/2016, that number decreased to 31. As evidenced by these pervasive issues, several projects will be underway to replace both water and sewer mains. These projects are expected to result in fewer disruptions and reductions to both disruptions in service levels for customers and water losses for the City.

Additional information on capital asset activity can be found in *Note 7* of this report.

Capital Assets at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	$ 7,261	$ 7,261	$ 100	$ 100	$ 7,361	$ 7,361
Buildings and structures	25,734	25,567	602	547	26,336	26,114
Other improvements	126,017	124,394	-	-	126,017	124,394
Equipment	29,488	29,330	3,826	3,913	33,314	33,243
Utility distribution	-	-	78,980	77,611	78,980	77,611
Construction in progress	3,691	2,906	2,227	2,862	5,918	5,768
Total	$ 192,191	$ 189,458	$ 85,735	$ 85,033	$ 277,926	$ 274,491

Debt

At year-end, the City had $71,811,375 in General Obligation Bonds, Combination Tax and Revenue Certificates of Obligation, Contractual Obligations and capital lease obligations compared to $49,115,142 at the end of the prior fiscal year, an increase of 46.2%. The primary reason for the increase is due to the City's participation in the SWIRFT program that promotes water conservation. Under this program, the Water and Sewer fund issued $30 million in Combination Tax and Revenue Certificates of Obligation which are designated for capital improvements to the water distribution system and installation of an electronic meter reading system.

Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligations	$ 26,815	$ 32,425	$ -	$ -	$ 26,815	$ 32,425
Certificates of obligation	-	-	44,775	16,380	44,775	16,380
Capital lease	221	310	-	-	221	310
Total	$ 27,036	$ 32,735	$ 44,775	$ 16,380	$ 71,811	$ 49,115

The City of Bedford maintains an "AA" rating as it pertains to general obligation bond issuances. The City's rating outlook from S&P's is "Stable." S&P's rating reflects their view of the City's strong wealth and income levels, its historically strong financial performance and reserves, and its moderate debt burden. In their opinion, the City budgetary flexibility remains very strong with reserves above 20% of expenditures. The General Obligation bonds are secured by an ad valorem tax levied against all taxable property within the City, within the limits prescribed by law. Additional information regarding the City's long-term debt can be found in *Note 8* of this report.

Economic Factors and Next Year's Budgets and Rates

The City has witnessed record growth in taxable valuations this past year. So much so, that it enabled the City Council to lower the tax rate from $0.494830 to $0.476509 per $100 assessed valuation while still increasing the tax levy in order to maintain high quality service to the citizens of Bedford.

In budget year 2017, the City Council continued its goal to fund a compensation plan in order for employees to meet current market levels. They did so by instituting a seven-year step plan for public safety personnel. Within this plan, members of the public safety departments may receive mandatory increases in salaries over a seven-year period, so long as budgetary funds are available. In addition, non-public safety personnel will receive cost-of-living increases as well.

Moreover, in an effort to keep up with increased wholesale water and wastewater costs, the City Council authorized pass-through rate increases for both areas. In addition, the City conducted another rate study and found that other than keeping up with increased wholesale water and wastewater costs, no other rate increase was necessary to meet the current year revenue requirements. The most substantial increase in the fund's operational costs stem from the impact of issuing a $30 million debt from the SWIRFT program. The impact of issuing this much debt increases the annual debt service requirement that the operations would be responsible to cover. The SWIRFT program will meet the City Council's goal of replacing the aging water infrastructure throughout the City in addition to improving accuracy and efficiency of meter reading operations, reducing both water loss and overall related costs for the City.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Division at 2000 Forest Ridge Drive, Bedford, Texas 76021.

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Basic Financial Statements

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City of Bedford, Texas
Statement of Net Position
September 30, 2016
(with Summarized Financial Information for 2015)

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2016	2015
Assets				
Current assets				
Cash and cash equivalents	$ 13,711,821	$ 8,592,724	$ 22,304,545	$ 19,658,776
Investments	7,900,000	600,000	8,500,000	5,585,770
Receivables (net of allowance)	4,100,436	3,902,201	8,002,637	9,312,030
Inventories and prepaid expenses	26,145	-	26,145	26,676
Restricted assets				
Investments	-	-	-	1,604,455
Total current assets	25,738,402	13,094,925	38,833,327	36,187,707
Noncurrent assets				
Restricted investments with trustee	-	26,980,451	26,980,451	-
Internal balances	200,000	(200,000)	-	-
Capital assets, not being depreciated	10,952,755	2,327,352	13,280,107	13,129,190
Capital assets, being depreciated, net	30,175,681	45,694,670	75,870,351	78,820,611
Total noncurrent assets	41,328,436	74,802,473	116,130,909	91,949,801
Total assets	67,066,838	87,897,398	154,964,236	128,137,508
Deferred Outflows of Resources				
Deferred pension contributions	1,100,419	122,269	1,222,688	1,153,008
Deferred pension investment difference	624,341	69,371	693,712	93,591
Deferred pension change in assumptions	562,185	62,466	624,651	
Deferred charges on refundings	90,512	31,637	122,149	136,577
Total deferred outflows of resources	2,377,457	285,743	2,663,200	1,383,176
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	3,492,761	1,937,722	5,430,483	7,998,540
Escrow and unearned revenue	471,755	6,691	478,446	1,115,882
Customer deposits	-	959,063	959,063	912,983
Current portion of compensated absences	1,162,402	77,324	1,239,726	1,135,749
Current portion of bonds payable and capital leases	5,768,446	1,666,061	7,434,507	6,856,302
Total current liabilities	10,895,364	4,646,861	15,542,225	18,019,456
Noncurrent liabilities				
Net pension liability	11,268,475	1,252,053	12,520,528	11,023,856
Bonds payable	21,924,719	43,210,838	65,135,557	43,093,090
Capital leases	129,402	-	129,402	221,375
Compensated absences	2,324,805	154,649	2,479,454	2,271,495
Other post-employment benefits	605,944	25,248	631,192	493,446
Total noncurrent liabilities	36,253,345	44,642,788	80,896,133	57,103,262
Total liabilities	47,148,709	49,289,649	96,438,358	75,122,718
Deferred Inflows of Resources				
Deferred pension experience difference	454,106	50,457	504,563	206,970
Net Position				
Net investment in capital assets	16,607,993	34,388,626	50,996,619	46,631,969
Restricted for				
Debt service	944,473	-	944,473	936,907
Economic development	4,515,434	-	4,515,434	3,713,371
Other purposes	68,415	-	68,415	1,561,111
Public safety	279,938	-	279,938	277,111
Parks and beautification	109,323	-	109,323	95,032
Unrestricted	(684,096)	4,454,409	3,770,313	975,495
Total net position	$ 21,841,480	$ 38,843,035	$ 60,684,515	$ 54,190,996

City of Bedford, Texas
Statement of Activities
Year Ended September 30, 2016
(with Summarized Financial Information for the Year Ended September 30, 2015)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government and administration	$ 5,429,870	$ 91,702	$ 10,195	$ -
Community services	1,876,441	310,534	-	6,961
Public services	5,983,295	1,102,811	26,295	10,000
Public safety	20,780,556	3,837,145	5,163	103,782
Leisure services	4,364,247	1,158,145	-	14,515
Interest expense	932,371	-	-	-
Total governmental activities	39,366,781	6,500,337	41,653	135,258
Business-type activities				
Water and sewer services	17,510,256	20,267,092	-	162,647
Stormwater collection and disposal	874,192	1,303,734	-	-
Total business-type activities	18,384,448	21,570,826	-	162,647
Total primary government	$ 57,751,229	$ 28,071,163	$ 41,653	$ 297,905
General Revenues				
Taxes				
Property taxes, penalty and interest				
Sales				
Franchise				
Occupancy				
Other				
Investment earnings				
Gain (loss) on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

See Notes to Financial Statements

Net (Expenses) Revenues and Changes in Net Position			
Primary Government		Totals	
Governmental Activities	Business-type Activities	2016	2015
$ (5,327,973)	$ -	$ (5,327,973)	$ (5,218,249)
(1,558,946)	-	(1,558,946)	(1,470,072)
(4,844,189)	-	(4,844,189)	(2,502,837)
(16,834,466)	-	(16,834,466)	(17,953,893)
(3,191,587)	-	(3,191,587)	(2,942,064)
(932,371)		(932,371)	(1,301,208)
(32,689,533)	-	(32,689,533)	(31,388,323)
-	2,919,483	2,919,483	2,681,849
-	429,542	429,542	345,832
-	3,349,025	3,349,025	3,027,681
$ (32,689,533)	$ 3,349,025	$ (29,340,508)	$ (28,360,642)
$ 15,507,727	$ -	$ 15,507,727	$ 14,543,198
10,787,539	-	10,787,539	11,048,748
3,432,957	-	3,432,957	3,555,243
1,123,421	-	1,123,421	1,027,473
235,320	-	235,320	208,846
86,353	174,144	260,497	60,507
(22,074)	(39,892)	(61,966)	35,550
4,548,532	-	4,548,532	389,764
2,644,416	(2,644,416)	-	-
38,344,191	(2,510,164)	35,834,027	30,869,329
5,654,658	838,861	6,493,519	2,508,687
16,186,822	38,004,174	54,190,996	51,682,309
$ 21,841,480	$ 38,843,035	$ 60,684,515	$ 54,190,996

City of Bedford, Texas
Balance Sheet – Governmental Funds
September 30, 2016
(with Summarized Financial Information for 2015)

	General	Debt Service
Assets		
Cash and cash equivalents	$ 8,339,725	$ 523,830
Investments	3,750,000	425,000
Receivables		
Taxes, less allowance for uncollectible	2,443,994	121,505
Accounts	515,468	-
Other	91,803	-
Due from other funds	9,952	-
Inventories and prepaid expenditures	26,145	-
Advances to other funds	200,000	-
Total assets	$ 15,377,087	$ 1,070,335
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts and contracts payable	$ 2,652,675	$ 1,982
Due to other funds	-	-
Escrow	52,546	-
Unearned revenue	-	-
Total liabilities	2,705,221	1,982
Deferred Inflows of Resources		
Unavailable revenue	371,668	123,880
Fund balances		
Nonspendable		
Advances to/due from other funds	209,952	-
Inventories and prepaids	26,145	-
Restricted for		
Debt service	-	944,473
Street and drainage improvements	-	-
Capital acquisition and construction	-	-
Economic development	-	-
Public safety	-	-
Parks and beautification	-	-
Other	-	-
Assigned	140,000	-
Committed - special projects	4,486,890	-
Unassigned	7,437,211	-
Total fund balances	12,300,198	944,473
Total liabilities, deferred inflows of resources and fund balances	$ 15,377,087	$ 1,070,335

See Notes to Financial Statements

Economic Development 4B	Nonmajor Government	Totals 2016	Totals 2015
$ 1,435,004	$ 3,413,262	$ 13,711,821	$ 15,121,199
2,250,000	1,475,000	7,900,000	5,585,770
447,842	-	3,013,341	3,942,150
1,627	108,304	625,399	610,251
-	369,893	461,696	442,852
-	-	9,952	-
-	-	26,145	26,676
-	-	200,000	300,000
$ 4,134,473	$ 5,366,459	$ 25,948,354	$ 26,028,898
$ 521,506	$ 187,531	$ 3,363,694	$ 5,784,198
-	9,952	9,952	-
-	414,646	467,192	475,273
-	4,563	4,563	365,018
521,506	616,692	3,845,401	6,624,489
-	345,978	841,526	564,665
-	-	209,952	300,000
-	-	26,145	26,676
-	-	944,473	936,907
-	1,859,639	1,859,639	1,848,957
-	1,184,007	1,184,007	3,207,349
3,612,967	902,467	4,515,434	3,713,371
-	279,938	279,938	277,111
-	109,323	109,323	95,032
-	68,415	68,415	1,234,435
-	-	140,000	-
-	-	4,486,890	-
-	-	7,437,211	7,199,906
3,612,967	4,403,789	21,261,427	18,839,744
$ 4,134,473	$ 5,366,459	$ 25,948,354	$ 26,028,898

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City of Bedford, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2016

Fund balances of governmental funds		$ 21,261,427
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		41,128,436
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(129,067)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		841,526
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Employer contributions (GASB 68)	1,100,419	
Investment return difference (GASB 68)	624,341	
Change in assumptions (GASB 68)	562,185	
Deferred charges on refundings	90,512	
Experience difference (GASB 68)	(454,106)	1,923,351
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General and contractual obligation bonds	(26,815,000)	
Bond premium	(786,192)	
Net pension liability	(11,268,475)	
Compensated absences	(3,487,207)	
OPEB liability	(605,944)	
Capital leases	(221,375)	(43,184,193)
Total net position of governmental activities		$ 21,841,480

City of Bedford, Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds

Year Ended September 30, 2016

(with Summarized Financial Information for the Year Ended September 30, 2015)

	General	Debt Service
Revenues		
Taxes, penalty and interest	$ 21,355,591	$ 5,329,851
Licenses and permits	692,700	-
Charges for services	3,583,578	-
Fines and forfeitures	1,469,056	-
Support from governmental entities	251,670	-
Interest	43,549	6,662
Miscellaneous	4,706,774	-
Total revenues	32,102,918	5,336,513
Expenditures		
Current		
General governmental	2,005,931	-
Community services	605,353	-
Public services	2,023,197	-
Administrative services	2,155,714	-
Public safety	19,148,674	-
Leisure services	4,252,845	-
Capital outlay	221,027	-
Debt service		
Principal retirement	88,767	5,610,000
Interest and fiscal agent fees	10,974	1,108,694
Total expenditures	30,512,482	6,718,694
Excess (Deficiency) of Revenues Over Expenditures	1,590,436	(1,382,181)
Other Financing Sources (Uses)		
Transfers in	3,144,638	1,389,747
Transfers out	(28,582)	-
Proceeds from sale of capital assets	11,489	-
Insurance proceeds	55,635	-
Total other financing sources (uses)	3,183,180	1,389,747
Net Change in Fund Balances	4,773,616	7,566
Fund Balances, Beginning of Year	7,526,582	936,907
Fund Balances, End of Year	$ 12,300,198	$ 944,473

See Notes to Financial Statements

Economic Development 4B	Nonmajor Governmental	Totals 2016	Totals 2015
$ 3,050,839	$ 1,123,421	$ 30,859,702	$ 30,729,516
-	-	692,700	871,081
-	375,870	3,959,448	3,591,135
-	191,255	1,660,311	1,949,006
-	113,863	365,533	647,946
12,000	24,142	86,353	45,552
-	86,131	4,792,905	486,410
3,062,839	1,914,682	42,416,952	38,320,646
-	-	2,005,931	2,229,137
-	1,200,909	1,806,262	1,682,326
1,240,341	-	3,263,538	2,622,977
-	38,504	2,194,218	2,057,540
-	235,299	19,383,973	18,346,405
-	38,152	4,290,997	4,046,351
533,155	2,189,273	2,943,455	5,154,812
-	-	5,698,767	5,775,675
-	-	1,119,668	1,358,233
1,773,496	3,702,137	42,706,809	43,273,456
1,289,343	(1,787,455)	(289,857)	(4,952,810)
-	123,764	4,658,149	3,956,299
(1,389,747)	(595,404)	(2,013,733)	(1,476,509)
-	-	11,489	35,550
-	-	55,635	27,485
(1,389,747)	(471,640)	2,711,540	2,542,825
(100,404)	(2,259,095)	2,421,683	(2,409,985)
3,713,371	6,662,884	18,839,744	21,249,729
$ 3,612,967	$ 4,403,789	$ 21,261,427	$ 18,839,744

City of Bedford, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2016

Net change in fund balances – total governmental funds		$ 2,421,683
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		2,943,455
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(4,846,964)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	5,610,000	
Capital lease	88,767	5,698,767
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position with related costs amortized over the life of the bonds. Differences consist of the following:		
Amortization of refunding loss	(9,155)	
Amortization of bond premium	156,473	147,318
Current year pension expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		(362,759)
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(579,776)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(39,979)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		272,913
Change in net position of governmental activities		$ 5,654,658

City of Bedford, Texas
Statement of Net Position
Proprietary Funds
September 30, 2016
(with Summarized Financial Information for 2015)

	Water and Sewer	Stormwater Utility	Totals 2016	Totals 2015
Assets				
Current Assets				
Cash and cash equivalents	$ 7,614,344	$ 978,380	$ 8,592,724	$ 4,537,577
Investments	350,000	250,000	600,000	-
Accounts receivable, net	3,689,825	212,376	3,902,201	3,992,884
Restricted investments not with trustee	-	-	-	1,604,455
Total current assets	11,654,169	1,440,756	13,094,925	10,134,916
Noncurrent Assets				
Restricted investments with trustee	26,980,451	-	26,980,451	-
Property, plant and equipment				
Land	100,255	-	100,255	100,255
Equipment	3,592,031	233,289	3,825,320	3,912,533
Buildings and improvements	601,657	-	601,657	547,442
Utility distribution	64,313,986	14,666,234	78,980,220	77,610,949
Construction in progress	2,227,097	-	2,227,097	2,862,006
	70,835,026	14,899,523	85,734,549	85,033,185
Less accumulated depreciation	(30,638,226)	(7,074,301)	(37,712,527)	(36,148,892)
Property, plant and equipment, net	40,196,800	7,825,222	48,022,022	48,884,293
Total noncurrent assets	67,177,251	7,825,222	75,002,473	48,884,293
Total assets	78,831,420	9,265,978	88,097,398	59,019,209
Deferred Outflows of Resources				
Deferred pension contributions	110,042	12,227	122,269	108,570
Deferred pension investment difference	62,434	6,937	69,371	8,813
Deferred pension change in assumptions	56,219	6,247	62,466	-
Deferred charges on refundings	31,637	-	31,637	36,910
Total deferred outflows of resources	260,332	25,411	285,743	154,293
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	1,880,226	57,496	1,937,722	2,045,296
Compensated absences	69,267	8,057	77,324	66,602
Unearned revenue	-	6,691	6,691	2,041
Advances from other funds	-	200,000	200,000	300,000
Current maturities of bonds	1,522,152	143,909	1,666,061	1,001,062
Customer deposits	959,063	-	959,063	912,983
Total current liabilities	4,430,708	416,153	4,846,861	4,327,984
Long-term liabilities				
Net pension liability	1,126,848	125,205	1,252,053	1,009,244
Compensated absences	138,535	16,114	154,649	133,203
Bonds payable	40,566,152	2,644,686	43,210,838	15,491,898
Other post-employment benefits	25,248	-	25,248	187,510
Total long-term liabilities	41,856,783	2,786,005	44,642,788	16,821,855
Total liabilities	46,287,491	3,202,158	49,489,649	21,149,839
Deferred Inflows of Resources				
Deferred pension experience difference	45,411	5,046	50,457	19,489
Net Position				
Net investment in capital assets	28,804,150	5,584,476	34,388,626	33,942,144
Unrestricted	3,954,700	499,709	4,454,409	4,062,030
Total net position	$ 32,758,850	$ 6,084,185	$ 38,843,035	$ 38,004,174

City of Bedford, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

Year Ended September 30, 2016

(with Summarized Financial Information for the Year Ended September 30, 2015)

	Water and Sewer	Stormwater Utility	Totals 2016	Totals 2015
Operating Revenues				
Water sales	$ 12,839,683	$ -	$ 12,839,683	$ 12,358,671
Charges for sewer services	7,243,736	-	7,243,736	6,609,881
Stormwater charges	-	1,272,434	1,272,434	1,272,656
Other	183,673	31,300	214,973	163,983
Total operating revenues	20,267,092	1,303,734	21,570,826	20,405,191
Operating Expenses				
Water supply and distribution	8,873,415	-	8,873,415	8,549,400
Wastewater collection and disposal	3,955,552	-	3,955,552	4,126,824
Billing and collection	1,261,695	458,985	1,720,680	1,835,591
Public services/engineering	762,902	-	762,902	626,086
Depreciation	1,629,751	313,368	1,943,119	2,057,812
Total operating expenses	16,483,315	772,353	17,255,668	17,195,713
Operating Income	3,783,777	531,381	4,315,158	3,209,478
Nonoperating Revenues (Expenses)				
Interest income	171,121	3,023	174,144	14,955
Loss on sale of capital assets	(39,892)	-	(39,892)	-
Interest expense and fiscal agent charges	(1,026,941)	(101,839)	(1,128,780)	(507,293)
Total nonoperating revenues (expenses)	(895,712)	(98,816)	(994,528)	(492,338)
Income Before Transfers	2,888,065	432,565	3,320,630	2,717,140
Capital Contributions	142,215	20,432	162,647	325,496
Transfers In	161,974	-	161,974	129,957
Transfers Out	(2,323,122)	(483,268)	(2,806,390)	(2,609,747)
Change in Net Position	869,132	(30,271)	838,861	562,846
Net Position, Beginning of Year	31,889,718	6,114,456	38,004,174	37,441,328
Net Position, End of Year	$ 32,758,850	$ 6,084,185	$ 38,843,035	$ 38,004,174

City of Bedford, Texas

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2016

(with Summarized Financial Information for the Year Ended September 30, 2015)

	Water and Sewer	Stormwater Utility	Totals 2016	Totals 2015
Operating Activities				
Receipts from customers and users	$ 20,403,394	$ 1,308,845	$ 21,712,239	$ 19,867,646
Payments to other funds	-	(100,000)	(100,000)	(168,057)
Payments to suppliers	(12,723,282)	(222,412)	(12,945,694)	(12,229,871)
Payments to or on behalf of employees for services	(2,191,700)	(277,005)	(2,468,705)	(2,514,179)
Net cash provided by operating activities	5,488,412	709,428	6,197,840	4,955,539
Noncapital Financing Activities				
Transfers in	161,974	-	161,974	129,957
Transfers out	(2,323,122)	(483,268)	(2,806,390)	(2,638,393)
Net cash used in noncapital financing activities	(2,161,148)	(483,268)	(2,644,416)	(2,508,436)
Capital and Related Financing Activities				
Proceeds from capital related debt	30,000,000	-	30,000,000	-
Principal paid on capital debt	(1,465,000)	(143,908)	(1,608,908)	(886,588)
Interest and fiscal agent fees	(1,028,821)	(101,839)	(1,130,660)	(502,020)
Proceeds from sale of property	(39,892)	-	(39,892)	-
Acquisition and construction of capital assets	(878,675)	(38,290)	(916,965)	(2,797,179)
Net cash provided by (used in) capital and related financing activities	26,587,612	(284,037)	26,303,575	(4,185,787)
Investing Activities				
Purchase of investments	(28,975,996)	(250,000)	(29,225,996)	-
Proceeds from sale of investments	3,000,000	250,000	3,250,000	1,032,259
Interest on investments	171,121	3,023	174,144	14,955
Net cash provided by (used in) investing activities	(25,804,875)	3,023	(25,801,852)	1,047,214
Net Increase (Decrease) in Cash and Cash Equivalents	4,110,001	(54,854)	4,055,147	(691,470)
Cash and Cash Equivalents, Beginning of Year	3,504,343	1,033,234	4,537,577	5,229,047
Cash and Cash Equivalents, End of Year	$ 7,614,344	$ 978,380	$ 8,592,724	$ 4,537,577

City of Bedford, Texas

Statement of Cash Flows – Proprietary Funds (Continued)

Year Ended September 30, 2016

(with Summarized Financial Information for the Year Ended September 30, 2015)

	Water and Sewer	Stormwater Utility	Totals 2016	Totals 2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$ 3,783,777	$ 531,381	$ 4,315,158	$ 3,209,478
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	1,629,751	313,368	1,943,119	2,057,812
Changes in				
Receivables	90,222	461	90,683	(568,526)
Due to and advances from other funds	-	(100,000)	(100,000)	(168,057)
Accounts payable and accrued liabilities	(102,673)	(251)	(102,924)	420,856
Pension & other post employment benefits	12,396	(38,840)	(26,444)	(37,125)
Compensated absences	28,859	3,309	32,168	10,120
Customer deposits	46,080	-	46,080	30,981
Net cash provided by operating activities	$ 5,488,412	$ 709,428	$ 6,197,840	$ 4,955,539
Supplemental Disclosure of Noncash Capital and Related Financing Activities				
Capital Contributions	$ 142,215	$ 20,432	$ 162,647	$ 325,496

Notes to Financial Statements

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City of Bedford, Texas
Notes to Financial Statements
September 30, 2016

Note 1: Summary of Significant Accounting Policies

The City of Bedford, Texas (City) Home Rule Charter was adopted September 24, 1966. The City operates under a Council/Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. Significant policies of the City are described below.

Financial Reporting Entity

Generally accepted accounting principles require that financial statements present the City (primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities, functions and component units for which the City is financially accountable or those which would be misleading to exclude. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on these criteria, the following blended component unit is included in the accompanying financial statements. Blended component units, although legally separate entities are, in substance, part of the City's operations.

The City Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as if it were part of the primary government because its sole purpose is to operate, maintain, and finance the costs of the City's street improvements using taxes collected under Section 4B of the *Development Corporation Act of 1979*. Separate financial statements are not available.

Basis of Presentation

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The primary effect of internal activity has been eliminated from the government-wide financial statements. However, interfund service provided and used is not eliminated in the process of consolidation on the government-wide statement of activities.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

- **General Fund** – is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** – is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.
- **Economic Development 4B Fund** – is used to account for revenues and expenses associated with the operation, maintenance and financing of the costs of the City's street improvements. Primary revenue source is sales taxes, and a small amount of interest.

All proprietary funds account for operations that are primarily financed by user charges.

The City reports the following proprietary funds:

- **Water and Sewer Fund** – accounts for providing water and sewer services to residential and commercial users in the City.
- **Stormwater Utility Fund** – accounts for the storm drainage runoff service provided to the residential and commercial users of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services (except for sanitation services), fines and forfeits and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be all unrestricted cash and certificates of deposit with an original maturity date of three months or less.

Investments

Investments in debt securities and money market mutual funds are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost.

Investments in external investment pools are carried at net asset value, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts and other specific information known to management that may affect collectability.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). The City uses the consumption method for determining cost; inventories are recognized as expenditures when consumed.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems, are reported at historical cost. Contributed assets are recorded at their acquisition value as of the date received. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Buildings	20 – 40 years
Infrastructure	20 – 30 years
Water and sewer system	50 years
Improvements	10 – 20 years
Machinery and equipment	3 – 10 years

Interest expense is capitalized on contracts with durations over one-year in the proprietary funds. The minimum capitalization threshold is any item with a total cost greater than $5,000 and a useful life greater than one-year.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service from the City.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay only if the compensated absences have matured with unused reimbursable leave outstanding following an employee's resignation or retirement. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of such liabilities.

Defined Benefit Pension Plans

For purposes of measuring the net pension liability, pension related deferred outflows of resources and deferred inflows of resources, and pension expense, City specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as reported by TMRS. For this purpose, plan contributions are recognized in the period compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Employer Contributions – Pensions – These contributions are those made after the measurement date through the fiscal year end (January 1st – September 30th) resulting in a cash outlay not yet recognized under GASB 68. This amount is deferred and recognized in the following fiscal year.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.
- Assumption changes – Pensions – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Experience difference – Pensions – These amounts represent the difference in expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Unavailable revenue – This amount represents uncollected property taxes and property assessments. This amount is deferred in the fund's financial statements and recognized once payments are received in the following fiscal year(s).

Fund allocation of related balances is determined by individual employee assignment and is modeled by allocation of the net pension liability. This assignment is uniform with regard to liquidation of the net pension liability.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances.

Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net position of the Tourism Development Fund and the Economic Development 4B Fund are restricted by enabling legislation as indicated on the statement of net position.

The City's policy is to use restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Balances include items not expected to be converted to cash including inventories and prepaid amounts.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned** – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

  When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

New Pronouncements

The City has adopted (early adopted GASB 82) and implemented the following GASB statements which have become effective for the fiscal year 2016:

GASB Statement No. 72, *Fair Value Measurement and Application.*

- This Statement requires disclosures to be made about fair value measurements of certain applicable assets and liabilities, the level of fair value hierarchy and valuation techniques.

- This Statement also added clarification to the term *investment*, to be defined as a security or other asset a government holds primarily for the purpose of income or profit, and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. No financial statement reclassifications were made as a result of implementation.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

- This statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and modifies GAAP hierarchy to include GASB Implementation Guides as authoritative guidance. Additionally, this statement emphasizes considerations under situations not specified in authoritative guidance and requires consideration of consistency with the GASB Concept Statements with nonauthoritative literature.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73.*

- This statement clarifies that a *deviation*, as defined by the Actuarial Standards of Practice, issued by the Actuarial Standards Board, is not considered to be in conformity with the requirements of GASB Statements No. 67, No. 68 and No. 73 for the selection of assumptions used to measure the total pension liability and related measures. Additionally, this statement requires member contributions paid by the employer, to be excluded from employer contributions and from corresponding pension related deferred resources. GASB 82 also requires presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, to be included in RSI.

Prior Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements as of and for the year ended September 30, 2015, from which the summarized information was derived.

Note 2: Deposits and Investments

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

During the year ended September 30, 2016, the City invested in TexCLASS, TexSTAR, Texas TERM and Lone Star, which are investment pools authorized by the Texas Legislature. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code. The pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

Investments at year-end are shown below:

Investment Type	Fair Value	Weighted-Average Maturity
U.S. agency securities	$ 22,393,828	476 days
Money market mutual funds	4,400,040	1 day
TexCLASS	203,425	1 day
TexSTAR	4,119,417	1 day
Texas TERM	302,749	1 day
Lone Star investment public pool	58,199	1 day
Certificates of deposit	8,500,000	633 days
Total	$ 39,977,658	

The City's investments at September 30, 2016, are held in the following investments:

Investment Type	Standard & Poor's Credit Rating
TexCLASS	AAAm
TexSTAR	AAAm
Texas TERM	AAAm
Lone Star investment public pool	AAAm
Federal agency securities	AAAm
Certificates of deposit	N/A

- **Interest Rate Risk** – In accordance with its investment policy, the City manages its exposure to declines in fair market values by investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools. Furthermore, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase.
- **Credit Risk** – It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U. S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.
- **Custodial Credit Risk – Investments** – In accordance with its investment policy, the City minimizes custodial credit risk by limiting investments to the safest types of investment vehicles, prequalifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Currently, all investments are registered in the City's name.
- **Custodial Credit Risk – Deposits** – The City's deposits do not have any exposure to credit risk because all deposits in financial institutions are fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a value of not less than the principal amount of the deposits. The collateral is held by a third-party custodial bank as the City's agent.
- **Concentration of Credit Risk** – The City limits investments to avoid concentration in securities from a specific issuer or business sector (where appropriate). As noted above, the City's investments are distributed into a variety of allowable investment vehicles. Management does not believe there is a significant risk of loss due to the credit rating and nature of the investments.

Summary of Deposit and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of September 30, 2016:

	Totals
Investments	$ 39,977,658
Deposits and cash on hand	17,807,338
	$ 57,784,996

	Government-wide Statement of Net Position
Cash and cash equivalents	$ 22,304,545
Investments	8,500,000
Restricted Assets	
Investments	26,980,451
	$ 57,784,996

Note 3: Receivables

Receivables, including amounts due from other governments, as of September 30, 2016, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds		
	General	Debt Service	Economic Development	Nonmajor Governmental	Water and Sewer	Stormwater Utility	Total
Receivables							
Taxes							
Delinquent property taxes	$ 210,653	$ 147,260	$ -	$ -	$ -	$ -	$ 357,913
Sales taxes	1,343,526	-	447,842	-	-	-	1,791,368
Franchise	866,549	-	-	-	-	-	866,549
Other	59,706	-	-	-	-	-	59,706
Accounts	515,468	-	1,627	108,304	3,880,098	212,376	4,717,873
Other	91,803	-	-	369,893	-	-	461,696
Gross receivables	3,087,705	147,260	449,469	478,197	3,880,098	212,376	8,255,105
Less allowance for uncollectibles	(36,440)	(25,755)	-	-	(190,273)	-	(252,468)
Net total receivables	$ 3,051,265	$ 121,505	$ 449,469	$ 478,197	$ 3,689,825	$ 212,376	$ 8,002,637

Governmental funds report deferred inflows in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (General Fund)	$ 177,573
Delinquent property taxes receivable (Debt Service Fund)	123,880
Delinquent ambulance receivable (General Fund)	194,095
Assessments (Nonmajor Governmental)	345,978
Total deferred inflows for governmental funds	$ 841,526

Note 4: Property Tax

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real property and personal business property located in the City. The assessed value upon which the fiscal 2015 levy was based was $3,647,739,709. The appraisal function is performed by the Tarrant County Appraisal District.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by Home Rule Charter to $1.50 per $100 of assessed valuation for general governmental services and payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2016, was $.4948303 per $100 of assessed valuation.

Taxes are due by January 31 following the levy date. Current tax collection for the year ended September 30, 2016, was 99.7% of the tax levy.

Uncollected property taxes levied for the current fiscal year are recognized as receivables, and are deemed collectible in full.

Note 5: Interfund Transfers

Interfund transfers are payments between funds that are designed to cover various operating and overhead expenses and to allocate charges for services performed by one fund on behalf of another fund.

Individual fund transfers for the year ended September 30, 2016, were:

	Transfer In				
	General	Debt Service	Nonmajor Governmental	Water and Sewer	Total
Transfers out					
General Fund	$ -	$ -	$ 28,582	$ -	$ 28,582
Economic Development 4B	-	1,389,747	-	-	1,389,747
Nonmajor governmental	500,222	-	95,182	-	595,404
Water and Sewer	2,323,122	-	-	-	2,323,122
Stormwater Utility	321,294	-	-	161,974	483,268
Total transfers out	$ 3,144,638	$ 1,389,747	$ 123,764	$ 161,974	$ 4,820,123

Note 6: Interfund Assets/Liabilities

Interfund balances reflect payments made by one fund on behalf of another fund for which cash settlement has not been made as of the end of the accounting period. Amounts due to and from other funds will be settled within the next accounting period. As of September 30, 2016 the only interfund balances outstanding were between the General fund to Stormwater Utility as advances and General fund to a nonmajor governmental fund due as follows:

	Advances to Other Funds	Advances from Other Funds
Advances		
General Fund	$ 200,000	$ -
Stormwater Utility Fund	-	200,000
	$ 200,000	$ 200,000

The advances between the General Fund and Stormwater Utility Fund are the result of the General Fund lending funds to cover start-up operating costs to the Stormwater Utility Fund. During the current year $100,000 of the original $300,000 was repaid.

	Due From
	Nonmajor Governmental
Due To	
General Fund	9,952
Total transfers out	$ 9,952

Note 7: Capital Assets

The following tables summarize changes in capital assets during the year ended September 30, 2016:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 7,261,343	$ -	$ -	$ -	$ 7,261,343
Construction in progress	2,905,586	2,261,407	-	(1,475,581)	3,691,412
Total assets not being depreciated	10,166,929	2,261,407	-	(1,475,581)	10,952,755
Capital assets, being depreciated					
Buildings	25,567,278	166,463	-	-	25,733,741
Equipment	29,329,645	368,528	(209,751)	-	29,488,422
Improvements other than buildings	124,393,919	147,057	-	1,475,581	126,016,557
Total capital assets being depreciated	179,290,842	682,048	(209,751)	1,475,581	181,238,720
Less accumulated depreciation					
Buildings	(12,111,662)	(759,507)	-	-	(12,871,169)
Equipment	(24,504,105)	(1,291,167)	176,188	-	(25,619,084)
Improvement other than buildings	(109,776,496)	(2,796,290)	-	-	(112,572,786)
Total accumulated depreciation	(146,392,263)	(4,846,964)	176,188	-	(151,063,039)
Total capital assets being depreciated, net	32,898,579	(4,164,916)	(33,563)	1,475,581	30,175,681
Governmental activities capital assets, net	$ 43,065,508	$ (1,903,509)	$ (33,563)	$ -	$ 41,128,436
Business-type Activities					
Capital assets, not being depreciated					
Land	$ 100,255	$ -	$ -	$ -	$ 100,255
Construction in progress	2,862,006	434,487	-	(1,069,396)	2,227,097
Total assets not being depreciated	2,962,261	434,487	-	(1,069,396)	2,327,352
Capital assets, being depreciated					
Buildings	547,442	54,215	-	-	601,657
Equipment	3,912,533	292,272	(379,485)	-	3,825,320
Utility distributions	77,610,950	299,874	-	1,069,396	78,980,220
Total capital assets being depreciated	82,070,925	646,361	(379,485)	1,069,396	83,407,197
Less accumulated depreciation					
Buildings	(524,368)	(5,919)	-	-	(530,287)
Equipment	(3,351,606)	(189,646)	379,485	(2,506)	(3,164,273)
Utility distributions	(32,272,919)	(1,747,554)	-	2,506	(34,017,967)
Total accumulated depreciation	(36,148,893)	(1,943,119)	379,485	-	(37,712,527)
Total capital assets being depreciated, net	45,922,032	(1,296,758)	-	1,069,396	45,694,670
Business-type activities capital assets, net	$ 48,884,293	$ (862,271)	$ -	$ -	$ 48,022,022

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	$ 51,153
Community services	50,290
Public services	2,683,822
Public safety	1,183,145
Leisure services	852,552
Administrative services	26,002
Total depreciation expense – governmental activities	$ 4,846,964
Business-type Activities	
Water and sewer	$ 1,629,751
Stormwater collection and disposal	313,368
Total depreciation expense – business-type activities	$ 1,943,119

Note 8: Long-term Liabilities

The following is a summary of the long-term liabilities of the City for the year ended September 30, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One-Year
Governmental Activities					
General/Contractual obligation bonds	$ 32,425,000	$ -	$ (5,610,000)	$ 26,815,000	$ 5,520,000
Premium on debt	942,665	-	(156,473)	786,192	156,473
Capital lease	310,142	-	(88,767)	221,375	91,973
Compensated absences	3,207,439	2,229,109	(1,949,341)	3,487,207	1,162,402
Net pension liability	10,014,612	1,253,863	-	11,268,475	-
Other post-employment benefits	305,936	300,008	-	605,944	-
Governmental activities long-term liabilities	$ 47,205,794	$ 3,782,980	$ (7,804,581)	$ 43,184,193	$ 6,930,848
Business-type Activities					
Certificates of obligation	$ 16,380,000	$ 30,000,000	$ (1,605,000)	$ 44,775,000	$ 1,655,000
Premiums on debt	112,960	-	(11,061)	101,899	11,061
Compensated absences	199,805	215,045	(182,877)	231,973	77,324
Net pension liability	1,009,244	242,809	-	1,252,053	-
Other post-employment benefits	187,510	-	(162,262)	25,248	-
Business-type activities long-term liabilities	$ 17,889,519	$ 30,457,854	$ (1,961,200)	$ 46,386,173	$ 1,743,385

Governmental long-term debt consists of the following individual issues at September 30, 2016:

Series	Original Issue	Interest Rate	Debt Outstanding
General Obligation Bonds			
Series 2005 General Obligation Refunding Bonds	$ 28,600,000	3.25% – 5.0%	$ 7,120,000
Series 2007 General Obligation Bonds	4,000,000	3.875% – 5.0%	2,615,000
Series 2010 General Obligation Bonds	4,885,000	2.0% – 5.0%	3,975,000
Series 2011 General Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	2,355,000
Series 2013 General Obligation Refunding and Improvement Bonds	5,375,000	2.0% – 4.0%	4,280,000
Series 2014 General Obligation Bonds	3,200,000	2.0% – 4.0%	2,985,000
Certificates of Obligation			
Series 2011 General Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	1,610,000
Contractual Obligations			
Series 2014 Public Property Finance Contractual Obligations	2,300,000	1.0% – 2.5%	1,875,000
Total General Obligation, Certificates of Obligation and Contractual Bonds			$ 26,815,000

Business-type long-term debt consists of the following individual issues at September 30, 2016:

Series	Original Issue	Interest Rate	Debt Outstanding
General Obligation Bonds			
Series 2011 General Obligation Refunding and Improvement Bonds	$ 8,185,000	2.0% – 4.375%	$ 3,035,000
Certificates of Obligation			
Series 2007 Certificates of Obligation	4,975,000	3.875% – 4.25%	3,250,000
Series 2010 Certificates of Obligation	2,035,000	3.0% – 4.125%	1,660,000
Series 2011 Combination Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	3,345,000
Series 2012 Combination Tax and Revenue Certificates of Obligation	630,000	0.09% – 1.4%	510,000
Series 2012A Combination Tax and Revenue Certificates of Obligation	4,270,000	1.0% – 2.75%	3,590,000
Series 2015 Combination Tax and Revenue Certificates of Obligation	30,000,000	0.22% – 3.210%	29,385,000
Total General Obligation and Certificates of Obligation			$ 44,775,000

The annual debt service requirement to amortize the bonds, certificates of obligation and capital lease obligations outstanding at September 30, 2016, follows:

Governmental Activities:

Year Ending September 30,	Bonded Debt Obligations	Capital Lease	Interest	Total
2017	$ 5,520,000	$ 91,973	$ 870,174	$ 6,482,147
2018	4,310,000	95,297	662,828	5,068,125
2019	2,135,000	34,105	540,864	2,709,969
2020	2,160,000	-	476,784	2,636,784
2021	1,870,000	-	418,138	2,288,138
2022 – 2026	6,315,000	-	1,379,713	7,694,713
2027 – 2031	3,620,000	-	498,659	4,118,659
2032 – 2034	885,000	-	49,500	934,500
	$ 26,815,000	$ 221,375	$ 4,896,660	$ 31,933,035

Business-type Activities:

Year Ending September 30,	Debt Obligations	Interest	Total
2017	$ 1,655,000	$ 1,246,734	$ 2,901,734
2018	1,720,000	1,214,173	2,934,173
2019	1,610,000	1,181,296	2,791,296
2020	1,665,000	1,147,484	2,812,484
2021	1,725,000	1,110,383	2,835,383
2022 – 2026	9,595,000	4,841,195	14,436,195
2027 – 2031	9,055,000	3,462,877	12,517,877
2032 – 2036	5,695,000	2,402,234	8,097,234
2037 – 2041	6,280,000	1,531,155	7,811,155
2042 – 2045	5,775,000	470,770	6,245,770
	$ 44,775,000	$ 18,608,301	$ 63,383,301

During December 2015, the City issued $30 million dollars as Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015. These certificates have biannual payments in February and August with interest rates ranging from 0.22% to 2.65%, maturing February 1, 2030. Proceeds from this issuance are restricted and limited to improving and extending the City's waterworks system and related professional services.

Note 9: Retirement Plan

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. The plan provisions as adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

All eligible employees of the City are required to participate in TMRS.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 – 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	0% of CPI

Membership in the Plan by membership class at December 31, 2015 (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not receiving benefits	102
Active employees	334
Total	475

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees are required to contribute 7% of their annual gross earnings as of the end of the fiscal year. The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Effective April 1, 2015, (plan year 2015) the City passed an ordinance increasing the employee contribution rate from 5% to 7%. This plan change resulted in a 1.81% increase in the overall employer contribution rate as included in the 2016 employer contribution rate letter. This effect among other smaller adjustments brought the employer contribution rate from 6.19% to 8.02% from plan years 2015 to 2016, respectively.

Contributions to the Plan by the City for the City's year ended September 30, 2016, were $1,680,982. These contributions differ in timing from those actuarially recognized.

Net Pension Liability

The Total Pension Liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75% for the 2015 actuarial valuation. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Source: 2015 TMRS CAFR

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7.00% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended September 30, 2016, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 9/30/2015	$ 22,398,031	$ 11,374,175	$ 11,023,856
Changes for the year:			
Service cost	2,515,193	-	2,515,193
Interest on total pension liability	1,643,314	-	1,643,314
Effect of difference in expected and actual experience	(368,820)	-	(368,820)
Effect of assumptions changes or inputs	711,649	-	711,649
Benefit payments	(359,420)	(359,420)	-
Administrative expenses	-	(10,223)	10,223
Employer contributions	-	1,611,071	(1,611,071)
Net investment income	-	16,795	(16,795)
Employee contributions	-	1,387,526	(1,387,526)
Other	-	(505)	505
Net changes	4,141,916	2,645,244	1,496,672
Balances as of 9/30/16	$ 26,539,947	$ 14,019,419	$ 12,520,528

Sensitivity to Interest Rate Changes: The following presents the net pension liability of the City calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 16,179,378	$ 12,520,528	$ 9,370,185

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2016, the City recognized pension expense, as measured in accordance with GASB Statement No. 68, of $2,180,566, and at September 30, 2016, reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (504,563)
Difference in assumptions changes	624,651	
Difference between projected and actual earnings on pension plan investments	693,712	-
Contributions subsequent to the measurement date	1,222,688	-
	$ 2,541,051	$ (504,563)

For the year ended September 30, 2016, the City reported $1,222,688 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending September 30	
2017	$ 195,049
2018	195,049
2019	195,049
2020	171,649
2021	15,771
Thereafter	41,233
	$ 813,800

Note 10: Post-employment Health Care Plan

Plan Description and Funding Policy

Starting January 1, 2010, the City began requiring participants who are active employees with less than 20 years of service or 60 years or more of age with less than 5 years of service to contribute an age-based full-cost premium if they choose to remain on the City's health care plan upon retirement. In return, the City will make scheduled annual contributions into a retiree health savings plan in the name of each eligible employee who has 10 years of service or more. Employees are 50% vested at 20 years of service and 100% vested at 30 years of service.

Under provisions of GASB Statement No. 45, employees who will be required to contribute the full age-based cost of coverage for the City's health plan do not receive another post-employment benefit.

Retiring employees will pay either age-based or blended premiums depending on their status as "grandfathered" or "non-grandfathered." Blended premiums blend the cost of providing health coverage to both active employees and retirees, and will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

Grandfathered Employees

As of January 1, 2010, employees that have 20 years of continuous service with the City or employees having 5 years of continuous service and have reached the age of 60 will be eligible to purchase City health benefits at blended rates upon the date of their retirement if they are less than age 65. Employees who meet the requirements to stay on the plan will continue to pay both employee and employer required contributions for the retiree health plan chosen for themselves and eligible dependents. Employer and employee required contributions are determined annually by plan as part of the City's annual budget. If the spouse or eligible dependents are on the plan at the time of the employee's retirement, they can remain on the plan, until which time they are no longer eligible.

Non-Grandfathered Employees

Employees who do not meet the eligibility requirements to stay on the plan will pay age-based premiums for the retiree health plan chosen for themselves and eligible dependents. These employees will participate in the City's retiree health savings plan.

Policy Information

Retiree Health Plan Benefit Eligibility

To be eligible for retiree health benefits, employees must meet the following criteria:

- Any employee who is covered under the City's health plan at the effective date of (the employee's) retirement, who is less than age 65, and who meets the "retiree" definition (as described below) may elect to continue health insurance coverage under the plan.
- Employees who are eligible and elect to stay on the plan will be required to begin paying monthly premiums immediately upon retirement.
- Employees eligible for retiree health insurance may also continue coverage for any dependents following the employee's retirement, provided the dependents were covered under the employee's health insurance as of the effective date of the employee's retirement and the appropriate enrollment forms are completed within 30 days of retirement. Anyone electing this coverage must meet all of the eligibility rules of the plan.

NOTE: When a covered retiree's spouse is employed at the time the City of Bedford employee retires, an exception to this policy may be made. The spouse may elect coverage under the City's health plan if the spouse's employment ends or the spouse's employer discontinues coverage.

- Dependents who are covered under the retiree's health insurance at the time of the retiree's death may continue coverage as follows: (a) the spouse may continue coverage following the death of the retiree until such time as the spouse remarries, dies or reaches age 65 (b) any other eligible dependent(s), as defined by the City's self-funded plan, may continue to be covered under retiree health insurance as long as all eligibility requirements of the City's plan are met.

Retiree Health Plan Benefit Coverage

Retirees are able to maintain retiree coverage through the City until they reach age 65 (see section below). Retirees cannot drop the City's plan and re-elect retiree benefits at a later date unless they become re-employed by the City. If this is the case, they must re-enroll into the City's retiree insurance program within 30 days of the termination from the City's re-employment.

- Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year until they reach age 65.

- Retirees who decide to elect the City's retiree health benefits will pay either age based on blended premiums depending on their status as "grandfathered" or "non-grandfathered."
- Blended premiums blend the cost of providing health coverage to both active employees and retirees, will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

Retirees Age 65 or Older

Effective January 1, 2010, retirees who are Medicare eligible or age 65 or older will have access to a more cost effective and comparable Medicare Supplement or Medicare Advantage Plan and will no longer have access to the City's health plan. Retirees will continue to have access to the City's dental plan.

- Retirees who choose to obtain coverage elsewhere may later elect one of the City's Medicare Supplement or Medicare Advantage plans when they become eligible for Medicare.
- Retirees' dependents who are under 65 years of age will be able to maintain coverage through the City's health plan. Once a dependent reaches age 65, the dependent will no longer be able to access the City's health plan, but will be able to select either the Medicare Supplement or Medicare Advantage Plan which is less expensive than the current retiree premiums and is comparable to or offers a richer benefit than the City's health plan.
- If the employee is 65 years of age or older, but is not Medicare eligible, the City will evaluate the cost of Medicare Part A premiums each year and determine whether the City will reimburse the employee for the purchase of Medicare Part A (on behalf of the retiree or whether to allow the retiree to pay the premium to stay on the City's health plan). Retirees in this situation will be notified of this determination at the end of each year for the following plan year.

Applicability

This policy applies to all regular full-time employees.

Definitions

Retiree – is defined as an employee who has effected retirement with the City and is eligible to retire according to the City's pension plan guidelines.

Policy Authority

The City Council authorizes this policy. The City's management team and Human Resources are responsible for interpreting and enforcing this policy.

Implementation Procedures

Employees eligible for retiree health insurance will be given written notification from Human Resources explaining their eligibility to elect retiree health insurance, the applicable premium rates for the type of coverage(s) they are eligible to continue and the procedures the employee must follow in order to elect retiree health insurance. They will also be given an election form on which to make their health insurance elections.

Employees eligible for retiree health insurance must complete the retiree health insurance election form and remit the appropriate premium payment as outlined in the retiree medical information packet within 30 days following the effective date of the employee's retirement; otherwise, the retiree will automatically forfeit his/her right to continue health insurance under this policy, except as provided by federal law.

Retirees who are not age 65 and who are eligible for and elect retiree coverage through the City will receive notification from the City's Human Resources Department of the discontinuation of their retiree coverage along with enrollment information for the Medicare Supplement and Medicare Advantage plans upon turning age 65.

Termination of Retiree Health Plan Coverage

Retiree health insurance will automatically terminate for the retiree and/or covered dependents upon the earliest of the following occurrences:

- The City ceases to provide group health insurance.
- Retiree/retiree's dependent(s) fail to remit the monthly premium payment to the City's Human Resources Department by the last day of each month.
- The retiree returns to active employment status with the City and becomes covered under a City sponsored health plan.
- Dependent(s) of the retiree cease to meet the eligibility requirements of the City's medical plan.

Note 11: Other Post-Employment Benefits

Plan Description

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

- The retiree must have been covered for medical benefits under the City health plan as an employee immediately prior to termination of employment.
- Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment.
- Enroll for retiree health coverage within 30 days of the date of termination.

Annual Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving PPO medical benefits contribute 50% – 80% per month for retiree-only coverage, 50% – 80% per month for retiree and spouse and 50% – 80% per month for retiree and family.

Annual OPEB Costs

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The City's annual OPEB cost for the past three years and the related information is listed below:

	September 30,		
	2016	2015	2014
Annual required contribution	$ 243,772	$ 243,772	$ 97,796
Interest on prior year net OPEB obligation	22,205	15,190	14,306
Adjustment to annual required contribution	(36,007)	(23,954)	(20,970)
Annual OPEB cost	229,970	235,008	91,132
Contributions made	(92,224)	(79,126)	(71,468)
Increase in net OPEB obligation	137,746	155,882	19,664
Net obligation, beginning of year	493,446	337,564	317,900
Net obligation, end of year	$ 631,192	$ 493,446	$ 337,564
Percentage of OPEB costs contributed	40%	34%	78%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year are calculated using a 4.5% discount rate, and the Projected Unit Credit Cost method.

Funded Status and Funding Progress

The funded status of the plan as of actuarial measurement date of December 31, 2014, was as follows:

Actuarial accrued liability	$	2,827,600
Actuarial value of plan assets		32,933
Unfunded actuarial accrued liability	$	2,794,667
Funded ratio		1.16%
Covered payroll	$	2,717,304
Unfunded actuarial accrued liability as a percentage of covered payroll		102.8%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014, actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after a number of years. Both rates include a 3.0% inflation assumption. The actuarial value of the plan's assets was set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.5%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014, was 25 years.

Note 12: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2016:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2016				
Investments by fair value level				
U.S. agency securities	$ 22,393,828	$ -	$ 22,393,828	$ -
Money market mutual funds	4,400,040	4,400,040	-	-
Total investments by fair value level	26,793,868	$ 4,400,040	$ 22,393,828	$ -
Investments measured at net asset value				
TexSTAR	4,119,417			
TexasTERM	302,749			
Lone Star Investment Pool	58,199			
Texas CLASS	203,425			
	4,683,790			
Non-negotiable certificate of deposit	8,500,000			
Total investments	$ 39,977,658			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2016, no investments here held by the City meeting the Level 3 hierarchy classification.

Investment in State Investment Pools – During the year, the City invested in multiple public fund investment pools, including TexSTAR, TexasTERM, Lone Star Investment Pool and Texas CLASS. Investments in the pools are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pool. The fair value of the position of the pools are measured at net asset value and is designed to approximate the share value. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Note 13: Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Risk Pool) to provide insurance for workers' compensation benefits, liability and property coverage.

At September 30, 2016, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions.

The Risk Pool has purchased stop-loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

Trinity River Authority of Texas

In 1972, the City entered into a contract with the Trinity River Authority (TRA) for the purchase of water. The contract shall remain in effect until all bonds, including refunding bonds, have been paid.

Under the terms of the contract, the City is obligated to pay its proportional share of operating and maintenance expenses and debt service charges by the TRA based on the ratio of estimated water usage for the ensuing year to the total estimated water usage. Total purchases during fiscal year 2016 were approximately $7,542,000.

In 1973, the City entered into a 50-year contract with the TRA for the transportation, treatment, and disposal of sanitary sewage actually discharged and to share in the cost of operation and maintenance of the system. Total payments of approximately $3,117,000 were made in fiscal year 2016. Additionally, $358,200 was spent with the City of Hurst for the transportation, treatment and disposal of sanitary sewage as well.

Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City's legal counsel and management, the potential loss on all claims after insurance will not be significant to the City's financial statements.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, should not be material.

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Required Supplementary Information

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City of Bedford, Texas

Schedule of Funding Progress

Post-employment Health Care Plan

September 30, 2016

Actuarial Valuation Date	Plan	Actuarial Value of Assets [1]	Actuarial Accrual Liability (AAL) [2]	Funded Ratio [3] [1]/[2]	Unfunded AAL (UAAL) [4] [2]-[1]	Covered Payroll [5]	UAAL as a Percentage of Covered Payroll [6] [4]/[5]
12/31/2011	OPEB	27,970	$ 1,138,070	2.5%	$ 1,110,100	$ 3,596,883	31%
12/31/2014	OPEB	32,933	2,827,600	1.2%	2,794,667	2,717,304	103%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Under the reporting parameters, the City's retiree health care plan is 1.2% funded with an estimated actuarial accrued liability exceeding actuarial assets by $2,794,667 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 103%.

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

City of Bedford, Texas

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Two Fiscal Years

	2014	2015
Total Pension Liability		
Service cost	$ 1,588,982	$ 2,515,193
Interest (on the Total Pension Liability)	1,439,551	1,643,314
Changes in benefit terms	1,308,563	-
Changes in assumptions	-	711,649
Differences between expected and actual experience	(233,110)	(368,820)
Benefit payments, including refunds of employee contributions	(335,835)	(359,420)
Net change in total pension liability	3,768,151	4,141,916
Total pension liability – Beginning	18,629,880	22,398,031
Total pension liability – Ending (a)	$ 22,398,031	$ 26,539,947
Plan Fiduciary Net Position		
Contributions – employer	$ 1,032,810	$ 1,611,071
Contributions – employee	972,517	1,387,526
Net investment income	525,939	16,795
Benefit payments, including refunds of employee contributions	(335,835)	(359,420)
Administrative expense	(5,486)	(10,223)
Other	(451)	(505)
Net change in plan fiduciary net position	2,189,494	2,645,244
Plan fiduciary net position – Beginning	9,184,681	11,374,175
Plan fiduciary net position – Ending (b)	$ 11,374,175	$ 14,019,419
City's net pension liability – Ending (a) – (b)	$ 11,023,856	$ 12,520,528
Plan fiduciary net position as a percentage of the total pension liability	50.78%	52.82%
Covered employee payroll	$ 19,450,346	$ 21,351,384
City's net pension liability as a percentage of covered employee payroll	56.68%	58.64%

Other Information:
The discount rate changed from 7.00% to 6.75% for the 2015 valuation; there were no other changes in assumptions.

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Bedford, Texas
Schedule of City Contributions
Last Two Fiscal Years

	2015	2016
Actuarially determined contribution	$ 1,399,303	$ 1,680,982
Contributions in relation to the actuarially determined contribution	1,399,303	1,680,982
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 23,602,275	$ 22,649,265
Contributions as a percentage of covered-payroll	5.93%	7.42%

Note to schedule:

Valuation Date: December 31, 2015
Actuarial determined contribution rates are calculated as of December 31st, each year and become effective in January, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:
There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Bedford, Texas
Budgetary Comparison Schedule General Fund
Year Ended September 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, penalty and interest	$ 21,363,574	$ 21,363,574	$ 21,355,591	$ (7,983)
Licenses and permits	863,750	863,750	692,700	(171,050)
Charges for services	3,454,300	3,454,300	3,583,578	129,278
Fines and forfeits	1,921,130	1,921,130	1,469,056	(452,074)
Support from other governmental entities	267,050	267,050	251,670	(15,380)
Interest	9,000	9,000	43,549	34,549
Miscellaneous	180,600	180,600	4,706,774	4,526,174
Total revenues	28,059,404	28,059,404	32,102,918	4,043,514
Expenditures				
General government				
City Council	128,220	128,220	105,465	22,755
City Manager	628,207	628,207	647,292	(19,085)
City Secretary	256,631	256,631	235,868	20,763
Information systems	636,006	636,006	640,494	(4,488)
Human Resources	401,369	401,369	376,812	24,557
Total general government	2,050,433	2,050,433	2,005,931	44,502
Community services				
Economic development	195,852	195,852	247,514	(51,662)
Planning and zoning	370,031	370,031	357,839	12,192
Total community services	565,883	565,883	605,353	(39,470)
Public services				
Facilities maintenance	705,200	705,200	683,663	21,537
Maintenance services	305,487	305,487	276,132	29,355
Streets	1,168,378	1,168,378	1,063,402	104,976
Total public services	2,179,065	2,179,065	2,023,197	155,868
Administrative services				
Finance	551,760	551,760	561,520	(9,760)
Nondepartmental	751,368	751,368	854,670	(103,302)
Municipal court	632,118	632,118	603,226	28,892
Teen court	173,530	173,530	136,298	37,232
Total administrative services	2,108,776	2,108,776	2,155,714	(46,938)

City of Bedford, Texas
Budgetary Comparison Schedule General Fund (Continued)
Year Ended September 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Public safety				
Administration	$ 885,385	$ 885,385	$ 935,275	$ (49,890)
Animal control	387,409	387,409	395,079	(7,670)
Criminal investigation division	1,675,683	1,675,683	1,596,358	79,325
Community services	798,388	798,388	721,264	77,124
Code compliance	492,889	492,889	407,666	85,223
SWAT	16,090	16,090	18,776	(2,686)
Patrol	4,451,530	4,451,530	4,794,340	(342,810)
Traffic	674,637	674,637	538,608	136,029
Dispatch	799,012	799,012	739,755	59,257
Jail	821,500	821,500	820,191	1,309
Records	571,676	571,676	423,024	148,652
Fire operations	7,325,770	7,327,770	7,758,338	(430,568)
Total public safety	18,899,969	18,901,969	19,148,674	(246,705)
Leisure services				
Library	1,448,979	1,448,979	1,456,875	(7,896)
Parks	1,285,469	1,285,496	1,279,438	6,058
Recreation	717,362	717,362	750,743	(33,381)
Senior citizens	254,779	254,779	268,018	(13,239)
Splash	419,056	419,056	497,771	(78,715)
Total leisure services	4,125,645	4,125,672	4,252,845	(127,173)
Capital outlay	460,163	460,163	221,027	239,136
Debt service	99,741	99,741	99,741	-
Total expenditures	30,489,675	30,491,702	30,512,482	(20,780)
Excess (deficiency) of revenues over expenditures	(2,430,271)	(2,432,298)	1,590,436	4,022,734
Other Financing Sources (Uses)				
Transfers in	3,076,066	3,076,066	3,144,638	68,572
Transfer out	(375,000)	(375,000)	(28,582)	346,418
Proceeds from sale of capital asset	-	-	11,489	11,489
Insurance proceeds	-	-	55,635	55,635
Total other financing sources (uses)	2,701,066	2,701,066	3,183,180	482,114
Net Changes in Fund Balance	270,795	268,768	4,773,616	4,504,848
Fund Balance, Beginning of Year	7,526,582	7,526,582	7,526,582	-
Fund Balance, End of Year	$ 7,797,377	$ 7,795,350	$ 12,300,198	$ 4,504,848

City of Bedford, Texas
Budgetary Comparison Schedule
Economic Development 4B Fund
Year Ended September 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, penalty and interest	$ 3,375,000	$ 3,375,000	$ 3,050,839	$ (324,161)
Interest	3,000	3,000	12,000	9,000
Total revenues	3,378,000	3,378,000	3,062,839	(315,161)
Expenditures				
Current				
Public services	2,984,275	2,984,275	1,240,341	1,743,934
Capital outlay	50,600	50,600	533,155	(482,555)
Total expenditures	3,034,875	3,034,875	1,773,496	1,261,379
Excess (deficiency) of revenues over expenditures	343,125	343,125	1,289,343	946,218
Other Financing Sources (Uses)				
Transfers out	(1,389,475)	(1,389,475)	(1,389,747)	23,248
Net Changes in Fund Balance	(1,046,350)	(1,046,350)	(100,404)	969,466
Fund Balance, Beginning of Year	3,713,371	3,713,371	3,713,371	-
Fund Balance, End of Year	$ 2,667,021	$ 2,667,021	$ 3,612,967	$ 945,946

City of Bedford, Texas
Notes to Required Supplementary Information
September 30, 2016

Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted for the General, Debt Service, Court Security, Court Technology, Drug Forfeiture, Tourism Development, Park Donation, Bedford Beautification, Economic Development, Red Light Cameras and Public Safety Training funds using the modified accrual basis of accounting.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

- Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council after public hearings.
- All unexpended appropriations lapse at year-end.

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Combining Fund Statements and Schedules

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City's nonmajor special revenue funds are as follows:

Miscellaneous Donations Fund – This fund is used to account for miscellaneous designated contributions from citizens and other governments.

Court Security Fund – This fund accounts for monies collected under state statute designated to provide security for the Municipal Court facilities.

Court Technology Fund – This fund is used for monies collected under state statute designed to provide increased technology for the Municipal Court facilities.

Library Technology Fund – This fund is used for monies collected under state statute designed to provide increased technology for the Bedford Public Library.

Park Donation Fund – This fund is used for contributions from citizens designated for park improvements.

Drug Forfeiture Fund – This fund accounts for monies received from participation in federal drug enforcement activities.

Bedford Beautification Fund – This fund accounts for revenue and expenditures related to various citywide beautification programs proposed by the City's Beautification Commission.

Public Safety Training Fund – This fund accounts for funds received from state surplus to be used for police training.

Tourism Development Fund – This fund accounts for hotel/motel taxes received.

Local Law Enforcement Block Grant Fund – This fund accounts for revenue and expenditures of funds provided by the state for the purchase of various qualifying law enforcement related equipment.

Regional Fire Grant Fund – This fund is used to account for the revenues and expenditures related to the regional fire grants.

Red Light Cameras Fund – This fund accounts for revenues generated from red light camera fines.

NETCO/Motorola Rebanding – This fund accounts for the City's portion of proceeds received from Motorola for Northeast Tarrant County Trunked Radio Consortium (NETCO). Resolution No. 07-53.

Various Grants – This fund accounts for revenues and expenditures from multiple grants, the majority of which pertain to energy conservation.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Street and Drainage – to account for construction projects funded by developer agreements and assessments.

Capital Projects – to account for construction projects funded from major resources such as general obligation bonds, certificates of obligation, short-term obligations and operating funds for governmental purposes.

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City of Bedford, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue						
	Miscellaneous Donation	Court Security	Court Technology	Library Technology	Park Donation	Drug Forfeiture	Bedford Beautification
Assets							
Cash and cash equivalents	$ 70,134	$ 69	$ 92,899	$ 785	$ 58,103	$ 102,078	$ 50,783
Investments	-	-	50,000	-	-	-	-
Receivables							
Accounts	-	-	-	-	596	-	-
Other	-	-	-	-	-	-	-
Total assets	$ 70,134	$ 69	$ 142,899	$ 785	$ 58,699	$ 102,078	$ 50,783
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts and contract payable	$ 5,500	$ -	$ 234	$ 785	$ -	$ 1,325	$ 159
Escrow	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	5,500	-	234	785	-	1,325	159
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	-
Fund balances – Restricted for							
Street and drainage improvements	-	-	-	-	-	-	-
Capital acquisition and construction	-	-	-	-	-	-	-
Public safety	-	69	142,665	-	-	100,753	-
Parks and beautification	-	-	-	-	58,699	-	50,624
Economic development	-	-	-	-	-	-	-
Other	64,634	-	-	-	-	-	-
Total fund balances	64,634	69	142,665	-	58,699	100,753	50,624
Total liabilities, deferred inflows of resources and fund balances	$ 70,134	$ 69	$ 142,899	$ 785	$ 58,699	$ 102,078	$ 50,783

Special Revenue							Capital Projects		
Public Safety Training	Tourism Development	Local Law Enforcement Block Grant	Regional Fire Grant	Red Light Cameras	NETCO/ Motorola Rebanding	Various Grants	Street Bond	Capital Projects	Total Nonmajor Governmental Funds
$ 23,549	$ 938,227	$ -	$ -	$ 11,234	$ 3,781	$ -	$ 848,368	$ 1,213,252	$ 3,413,262
-	-	-	-	-	-	-	1,425,000	-	1,475,000
-	106,791	-	-	-	-	-	917	-	108,304
-	-	-	-	10,686	-	13,229	345,978	-	369,893
$ 23,549	$ 1,045,018	$ -	$ -	$ 21,920	$ 3,781	$ 13,229	$ 2,620,263	$ 1,213,252	$ 5,366,459
$ -	$ 137,988	$ -	$ -	$ 9,018	$ -	$ 3,277	$ -	$ 29,245	$ 187,531
-	-	-	-	-	-	-	414,646	-	414,646
-	-	-	-	-	-	9,952		-	9,952
-	4,563	-	-	-	-	-	-	-	4,563
-	142,551	-	-	9,018	-	13,229	414,646	29,245	616,692
-	-	-	-	-	-	-	345,978	-	345,978
-	-	-	-	-	-	-	1,859,639	-	1,859,639
-	-	-	-	-	-	-	-	1,184,007	1,184,007
23,549	-	-	-	12,902	-	-	-	-	279,938
-	-	-	-	-	-	-	-	-	109,323
-	902,467	-	-	-	-	-	-	-	902,467
-	-	-	-	-	3,781	-	-	-	68,415
23,549	902,467	-	-	12,902	3,781	-	1,859,639	1,184,007	4,403,789
$ 23,549	$ 1,045,018	$ -	$ -	$ 21,920	$ 3,781	$ 13,229	$ 2,274,285	$ 1,213,252	$ 5,020,481

City of Bedford, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2016

	Special Revenue						
	Miscellaneous Donation	Court Security	Court Technology	Library Technology	Park Donation	Drug Forfeiture	Bedford Beautification
Revenues							
Taxes, penalty and interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-	-	-	-
Fines and forfeitures	-	31,636	42,182	-	-	-	-
Support from governmental entities	-	-	-	-	-	20,486	-
Interest	587	11	276	66	166	292	171
Miscellaneous	45,667	-	-	-	14,455	-	10,400
Total revenues	46,254	31,647	42,458	66	14,621	20,778	10,571
Expenditures							
Current							
Community services	-	-	-	-	-	-	-
Public safety	17,940	-	-	-	-	1,325	-
Administrative services	1,848	-	36,656	-	-	-	-
Leisure services	27,251	-	-	-	49	-	10,852
Capital outlay	44,976	-	-	66,554	-	-	-
Total Expenditures	92,015	-	36,656	66,554	49	1,325	10,852
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,761)	31,647	5,802	(66,488)	14,572	19,453	(281)
Other Financing Sources (Uses)							
Transfers in	92,303	-	-	31,461	-	-	-
Transfers out	(220,620)	(37,600)	-	-	-	-	-
Total other financing sources (uses)	(128,317)	(37,600)	-	31,461	-	-	-
Net Change in Fund Balances	(174,078)	(5,953)	5,802	(35,027)	14,572	19,453	(281)
Fund Balances, Beginning of Year	238,712	6,022	136,863	35,027	44,127	81,300	50,905
Fund Balances, End of Year	$ 64,634	$ 69	$ 142,665	$ -	$ 58,699	$ 100,753	$ 50,624

Special Revenue							Capital Projects		
Public Safety Training	Tourism Development	Local Law Enforcement Block Grant	Regional Fire Grant	Red Light Cameras	NETCO/ Motorola Rebanding	Various Grants	Street Bond	Capital Projects	Total Nonmajor Governmental Funds
$ -	$ 1,123,421	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,123,421
-	375,870	-	-	-	-	-	-	-	375,870
-	-	-	-	117,437	-	-	-	-	191,255
-	-	-	-	-	-	93,377	-	-	113,863
71	2,624	3	11	26	12	549	10,682	8,595	24,142
5,854	9,755	-	-	-	-	-	-	-	86,131
5,925	1,511,670	3	11	117,463	12	93,926	10,682	8,595	1,914,682
-	1,200,859	-	-	-	-	-	-	50	1,200,909
6,846	-	-	-	126,868	-	82,320	-	-	235,299
-	-	-	-	-	-	-	-	-	38,504
-	-	-	-	-	-	-	-	-	38,152
-	34,800	-	-	-	-	11,057	-	2,031,886	2,189,273
6,846	1,235,659	-	-	126,868	-	93,377	-	2,031,936	3,702,137
(921)	276,011	3	11	(9,405)	12	549	10,682	(2,023,341)	(1,787,455)
-	-	-	-	-	-	-	-	-	123,764
-	(66,651)	(1,120)	(5,043)	-	-	(264,370)	-	-	(595,404)
-	(66,651)	(1,120)	(5,043)	-	-	(264,370)	-	-	(471,640)
(921)	209,360	(1,117)	(5,032)	(9,405)	12	(263,821)	10,682	(2,023,341)	(2,259,095)
24,470	693,107	1,117	5,032	22,307	3,769	263,821	1,848,957	3,207,348	6,662,884
$ 23,549	$ 902,467	$ -	$ -	$ 12,902	$ 3,781	$ -	$ 1,859,639	$ 1,184,007	$ 4,403,789

City of Bedford, Texas

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

Nonmajor Special Revenue Funds

Year Ended September 30, 2016

	Court Security			
	Original Budget	Final Budget	Actual	Variance from Budget
Revenues				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	42,000	42,000	31,636	(10,364)
Interest	-	-	11	11
Miscellaneous	-	-	-	-
Total revenues	42,000	42,000	31,647	(10,353)
Expenditures				
Current				
Administrative services	-	-	-	-
Community services	-	-	-	-
Public safety	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,000	42,000	31,647	(10,353)
Other Financing Sources (Uses)				
Transfers out	(40,000)	(40,000)	(37,600)	2,400
Total other financing sources (uses)	(40,000)	(40,000)	(37,600)	2,400
Net Change in Fund Balances	2,000	2,000	(5,953)	(7,953)
Fund Balances, Beginning of Year	6,022	6,022	6,022	-
Fund Balances, End of Year	$ 8,022	$ 8,022	$ 69	$ (7,953)

Court Technology				Park Donation			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
60,000	60,000	42,182	(17,818)	-	-	-	-
-	-	276	276	-	-	166	166
-	-	-	-	13,000	13,000	14,455	1,455
60,000	60,000	42,458	(17,542)	13,000	13,000	14,621	1,621
39,180	39,180	36,656	2,524	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	10,000	49	9,951
-	-	-	-	-	-	-	-
39,180	39,180	36,656	2,524	10,000	10,000	49	9,951
20,820	20,820	5,802	(15,018)	3,000	3,000	14,572	11,572
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,820	20,820	5,802	(15,018)	3,000	3,000	14,572	11,572
136,863	136,863	136,863	-	44,127	44,127	44,127	-
$ 157,683	$ 157,683	$ 142,665	$ (15,018)	$ 47,127	$ 47,127	$ 58,699	$ 11,572

City of Bedford, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Nonmajor Special Revenue Funds (Continued) Year Ended September 30, 2016

	Bedford Beautification			
	Original Budget	Final Budget	Actual	Variance from Budget
Revenues				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	171	171
Miscellaneous	10,000	10,000	10,400	400
Total revenues	10,000	10,000	10,571	571
Expenditures				
Current				
Administrative services	-	-	-	-
Community services	-	-	-	-
Public safety	-	-	-	-
Leisure	10,000	10,000	10,852	(852)
Capital outlay	-	-	-	-
Total Expenditures	10,000	10,000	10,852	(852)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(281)	(281)
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	-	-	(281)	(281)
Fund Balances, Beginning of year	50,905	50,905	50,905	-
Fund Balances, End of year	$ 50,905	$ 50,905	$ 50,624	$ (281)

Public Safety Training				Tourism Development			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
$ -	$ -	$ -	$ -	$ 850,000	$ 850,000	$ 1,123,421	$ 273,421
-	-	-	-	375,250	375,250	375,870	620
-	-	-	-	-	-	-	-
-	-	71	71	1,000	1,000	2,624	1,624
5,900	5,900	5,854	(46)	4,550	4,550	9,755	5,205
5,900	5,900	5,925	25	1,230,800	1,230,800	1,511,670	280,870
-	-	-	-	-	-	-	-
-	-	-	-	1,128,965	1,128,965	1,200,859	(71,894)
5,650	5,650	6,846	(1,196)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,256	12,256	34,800	(22,544)
5,650	5,650	6,846	(1,196)	1,141,221	1,141,221	1,235,659	(94,438)
250	250	(921)	(1,171)	89,579	89,579	276,011	186,432
-	-	-	-	(66,651)	(66,651)	(66,651)	-
-	-	-	-	(66,651)	(66,651)	(66,651)	-
250	250	(921)	(1,171)	22,928	22,928	209,360	186,432
24,470	24,470	24,470	-	693,107	693,107	693,107	-
$ 24,720	$ 24,720	$ 23,549	$ (1,171)	$ 716,035	$ 716,035	$ 902,467	$ 186,432

City of Bedford, Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Nonmajor Special Revenue Funds (Continued) Year Ended September 30, 2016

	Red Light Cameras			
	Original Budget	Final Budget	Actual	Variance from Budget
Revenues				
Taxes, penalty and interest	$ -	$ -	$ -	$ -
Charges for service	-	-	-	-
Fines and forfeitures	100,000	100,000	117,437	17,437
Interest	-	-	26	26
Miscellaneous	-	-	-	-
Total revenues	100,000	100,000	117,463	17,463
Expenditures				
Current				
Administrative services	-	-	-	-
Community services	-	-	-	-
Public safety	92,429	92,429	126,868	(34,439)
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	92,429	92,429	126,868	(34,439)
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,571	7,571	(9,405)	(16,976)
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	7,571	7,571	(9,405)	(16,976)
Fund Balances, Beginning of Year	22,307	22,307	22,307	-
Fund Balances, End of Year	$ 29,878	$ 29,878	$ 12,902	$ (16,976)

Debt Service Fund

Debt Service Fund is used to account for the accumulation of resources for the repayment of long-term debt.

City of Bedford, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Debt Service Fund

Year Ended September 30, 2016

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, penalty and interest	$ 5,344,013	$ 5,344,013	$ 5,329,851	$ (14,162)
Interest	5,000	5,000	6,662	1,662
Total revenues	5,349,013	5,349,013	5,336,513	(12,500)
Expenditures				
Principal retirement	5,610,000	5,610,000	5,610,000	-
Interest and fiscal agent fees	1,118,638	1,118,638	1,108,694	9,944
Total expenditures	6,728,638	6,728,638	6,718,694	9,944
Excess (deficiency) of revenues over expenditures	(1,379,625)	(1,379,625)	(1,382,181)	(2,556)
Other Financing Sources (Uses)				
Transfers in	1,389,475	1,389,475	1,389,747	272
Total other financing sources (uses)	1,389,475	1,389,475	1,389,747	272
Net Change in Fund Balance	9,850	9,850	7,566	(2,284)
Fund Balance, Beginning of Year	936,907	936,907	936,907	-
Fund Balance, End of Year	$ 946,757	$ 946,757	$ 944,473	$ (2,284)

Statistical Section (Unaudited)

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Statistical Section

This part of the City of Bedford's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The tables herein, are unaudited.

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time 69

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Debt Capacity

These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....81

Demographic and Economic Information

The schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.....86

Operating Information

The schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs 89

Sources: Unless otherwise noted, the information in these schedules are derived from Comprehensive Annual Financial Reports for the relevant year.

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Financial Trends

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City of Bedford, Texas

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016
Governmental Activities										
Net investment in capital assets	$ 18,066,323	$ 14,984,593	$ 15,746,263	$ 15,639,418	$ 18,342,224	$ 18,908,115	$ 14,323,066	$ 10,378,086	$ 12,689,825	$ 16,607,993
Restricted	10,684,040	9,252,835	8,175,954	7,306,010	3,638,843	5,213,292	8,426,186	6,081,351	6,583,532	5,917,583
Unrestricted	10,515,405	11,143,963	6,437,967	6,795,025	4,537,414	1,035,005	(20,696)	5,653,694	(3,086,535)	(684,096)
Total governmental activities net position	$ 39,265,768	$ 35,381,391	$ 30,360,184	$ 29,740,453	$ 26,518,481	$ 25,156,412	$ 22,728,556	$ 22,113,131	$ 16,186,822	$ 21,841,480
Business-type Activities										
Net investment in capital assets	$ 28,252,592	$ 25,633,370	$ 27,674,312	$ 26,993,812	$ 26,915,595	$ 25,139,719	$ 20,170,192	$ 32,812,435	$ 33,942,144	$ 34,388,626
Restricted	775,601	574,491	576,397	576,397	-	-	-	158,872	-	-
Unrestricted	2,873,279	3,846,498	985,709	1,547,031	3,806,277	7,136,012	11,845,248	5,256,555	4,062,030	4,454,409
Total business-type activities, net position	$ 31,901,472	$ 30,054,359	$ 29,236,418	$ 29,117,240	$ 30,721,872	$ 32,275,731	$ 32,015,440	$ 38,227,862	$ 38,004,174	$ 38,843,035
Primary Government										
Net investment in capital assets	$ 46,318,915	$ 40,617,963	$ 43,420,575	$ 42,633,230	$ 45,257,819	$ 44,047,834	$ 34,493,258	$ 43,190,521	$ 46,631,969	$ 50,996,619
Restricted	11,459,641	9,827,326	8,752,351	7,882,407	3,638,843	5,213,292	8,426,186	6,240,223	6,583,532	5,917,583
Unrestricted	13,388,684	14,990,461	7,423,676	8,342,056	8,343,691	8,171,017	11,824,552	10,910,249	975,495	3,770,313
Total primary government net position	$ 71,167,240	$ 65,435,750	$ 59,596,602	$ 58,857,693	$ 57,240,353	$ 57,432,143	$ 54,743,996	$ 60,340,993	$ 54,190,996	$ 60,684,515

*Amounts for 2015 were restated from the effects of GASB Statement No. 68 implementation.

City of Bedford, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities				
General government and administration	$ 3,837,032	$ 3,824,933	$ 4,184,723	$ 4,117,515
Community services	1,549,822	1,847,222	2,270,248	1,883,752
Public services	7,636,447	10,375,836	8,185,269	9,038,955
Public safety	17,342,223	17,811,789	19,499,698	18,500,766
Leisure services	4,077,063	4,181,914	4,191,990	4,100,548
Interest expense	2,405,086	2,415,600	2,254,217	2,140,046
Total governmental activities expense	36,847,673	40,457,294	40,586,145	39,781,582
Business-type activities				
Water and sewer services	12,025,510	14,178,331	13,999,365	15,094,351
Stormwater collection and disposal	596,639	722,489	716,601	731,109
Total business-type activities expenses	12,622,149	14,900,820	14,715,966	15,825,460
Total primary government program expenses	$ 49,469,822	$ 55,358,114	$ 55,302,111	$ 55,607,042
Program Revenues				
Governmental activities				
Charges for services				
General government and administration	$ 119,222	$ 123,753	$ 98,178	$ 90,428
Community services	827,940	613,936	266,293	405,255
Public services	150,074	154,155	180,998	210,354
Public safety	3,045,090	3,868,960	3,314,907	3,472,196
Leisure services	749,525	898,200	1,105,972	1,001,728
Operating grants and contributions	633,460	666,150	735,473	3,092,958
Capital grants and contributions	340,150	-	-	-
Total governmental activities program revenues	5,865,461	6,325,154	5,701,821	8,272,919
Business-type activities				
Charges for services				
Water and sewer services	11,969,357	13,250,970	14,539,710	16,104,703
Stormwater collection and disposal	1,326,610	1,308,828	1,291,800	1,291,249
Capital grants and contributions	-	300,648	71,486	267,469
Total business-type activities program revenues	13,295,967	14,860,446	15,902,996	17,663,421
Total primary government program revenues	$ 19,161,428	$ 21,185,600	$ 21,604,817	$ 25,936,340

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 3,906,050	$ 4,796,677	$ 4,688,432	$ 5,688,961	$ 5,393,564	$ 5,429,870
1,848,795	1,986,123	2,017,011	1,549,075	1,744,633	1,876,441
8,876,104	8,354,007	3,486,148	3,431,383	3,655,287	5,983,295
18,358,228	17,292,190	22,828,761	23,669,141	22,264,933	20,780,556
4,754,190	3,690,814	3,765,867	3,823,403	4,068,948	4,364,247
2,213,384	2,169,120	1,724,511	1,288,725	1,301,208	932,371
39,956,751	38,288,931	38,510,730	39,450,688	38,428,573	39,366,781
16,294,807	15,112,250	15,645,261	16,560,909	16,746,182	17,510,256
950,760	1,336,366	1,256,126	926,258	956,824	874,192
17,245,567	16,448,616	16,901,387	17,487,167	17,703,006	18,384,448
$ 57,202,318	$ 54,737,547	$ 55,412,117	$ 56,937,855	$ 56,131,579	$ 57,751,229
$ 88,135	$ 84,733	$ 76,647	$ 86,874	$ 159,473	$ 91,702
1,061,313	652,376	358,167	586,449	274,561	310,534
1,362,564	1,687,163	218,646	261,846	1,111,453	1,102,811
2,541,942	2,386,756	3,374,638	4,083,939	4,227,029	3,837,145
1,129,453	1,174,702	1,158,956	1,210,305	1,126,884	1,158,145
711,749	599,111	610,603	599,930	61,067	41,653
1,695,184	44,102	-	93,556	79,783	135,258
8,590,340	6,628,943	5,797,657	6,922,899	7,040,250	6,677,248
19,811,255	18,915,135	17,908,621	18,607,795	19,102,535	20,267,092
1,290,285	1,291,856	1,290,624	1,312,932	1,302,656	1,303,734
26,446	147,360	-	6,263,044	325,496	162,647
21,127,986	20,354,351	19,199,245	26,183,771	20,730,687	21,733,473
$ 29,718,326	$ 26,983,294	$ 24,996,902	$ 33,106,670	$ 27,770,937	$ 28,410,721

City of Bedford, Texas
Changes in Net Position
Last Ten Fiscal Years (Continued)
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Net (Expense) Revenues				
Governmental activities	$ (30,982,212)	$ (34,132,140)	$ (34,884,324)	$ (31,508,663)
Business-type activities	673,818	(40,374)	1,187,030	1,837,961
Total primary government net expense	(30,308,394)	(34,172,514)	(33,697,294)	(29,670,702)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property	12,716,071	13,227,183	13,486,685	13,714,212
Sales	9,263,121	9,691,349	9,360,239	9,531,017
Franchise and occupancy	4,481,280	3,195,320	3,407,455	3,278,385
Other	1,199,052	866,468	753,160	869,071
Unrestricted grants and contributions	26,818	33,737	35,973	34,631
Investment earnings	1,062,938	793,585	344,023	151,108
Miscellaneous	424,331	407,004	423,658	229,001
Transfers	2,033,117	2,033,117	2,051,924	2,086,467
Total governmental activities	31,206,728	30,247,763	29,863,117	29,893,892
Business-type activities				
Investment earnings	252,283	226,378	46,935	17,046
Miscellaneous	-	-	-	112,282
Transfers	(20,331,117)	(2,033,117)	(2,051,924)	(2,086,467)
Total business-type activities	(20,078,834)	(1,806,739)	(2,004,989)	(1,957,139)
Total primary government	11,127,894	28,441,024	27,858,128	27,936,753
Change in Net Position				
Government activities	224,516	(3,884,377)	(5,021,207)	(1,614,771)
Business-type activities	(19,405,016)	(1,847,113)	(817,959)	(119,178)
Total primary government	$ (19,180,500)	$ (5,731,490)	$ (5,839,166)	$ (1,733,949)

Table 2 (Continued)

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ (31,366,411)	$ (31,659,988)	$ (32,713,073)	$ (32,527,789)	$ (31,388,323)	$ (32,689,533)
3,882,419	3,905,735	2,297,858	8,696,604	3,027,681	3,349,025
(27,483,992)	(27,754,253)	(30,415,215)	(23,831,185)	(28,360,642)	(29,340,508)
13,968,871	13,735,255	14,488,399	14,297,275	14,543,198	15,507,727
9,060,295	9,363,047	9,629,427	9,985,658	11,048,748	10,787,539
3,405,709	3,325,941	3,338,307	3,584,311	3,555,243	3,432,957
919,452	875,838	901,956	1,028,447	1,236,319	1,358,741
34,355	-	-	-	-	-
131,541	26,459	33,521	43,393	45,552	86,353
451,896	594,715	535,474	466,677	425,314	4,526,458
2,336,631	2,376,664	2,414,451	2,506,603	2,479,790	2,644,416
30,308,750	30,297,919	31,341,535	31,912,364	33,334,164	38,344,191
55,527	21,051	47,321	22,421	14,955	174,144
3,317	3,734	11,406	-	-	(39,892)
(2,336,631)	(2,376,664)	(2,414,451)	(2,506,603)	(2,479,790)	(2,644,416)
(2,277,787)	(2,351,879)	(2,355,724)	(2,484,182)	(2,464,835)	(2,510,164)
28,030,963	27,946,040	28,985,811	29,428,182	30,869,329	35,834,027
(1,057,661)	(1,362,069)	(1,371,538)	(615,425)	1,945,841	5,654,658
1,604,632	1,553,856	(57,866)	6,212,422	562,846	838,861
$ 546,971	$ 191,787	$ (1,429,404)	$ 5,596,997	$ 2,508,687	$ 6,493,519

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City of Bedford, Texas

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year									
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General Fund										
Reserved/nonspendable	$ 534,232	$ 445,045	$ 431,320	$ 336,227	$ 326,807	$ 360,284	$ 357,761	$ 724,210	$ 326,676	$ 236,097
Restricted	-	-	-	-	-	-	-	478,872	-	-
Assigned	-	-	-	-	-	-	-	-	-	140,000
Committed - special projects										4,486,890
Unassigned	9,902,948	9,225,455	7,258,376	5,666,237	4,087,163	4,764,530	5,751,658	6,172,841	7,199,906	7,437,211
Total general fund	$ 10,437,180	$ 9,670,500	$ 7,689,696	$ 6,002,464	$ 4,413,970	$ 5,124,814	$ 6,109,419	$ 7,375,923	$ 7,526,582	$ 12,300,198
All Other Governmental Funds										
Reserved/nonspendable	$ 1,741,424	$ 1,290,684	$ 1,247,939	$ 1,240,869	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for										
Debt service	-	-	-	-	1,219,755	1,108,669	1,060,593	977,409	936,907	944,473
Street and drainage improvements	-	-	-	-	1,815,920	1,824,024	1,832,971	1,839,601	1,848,957	1,859,639
Capital acquisition and construction	-	-	-	-	3,254,958	1,830,699	3,274,169	7,015,936	3,207,349	1,184,007
Economic development	-	-	-	-	1,183,613	1,501,475	1,903,735	2,697,890	3,713,371	4,515,434
Public safety	-	-	-	-	625,514	308,698	248,091	284,840	277,111	279,938
Parks and beautification	-	-	-	-	83,481	505,923	715,438	982,540	1,234,435	109,323
Other	-	-	-	-	52,482	54,960	48,909	75,590	95,032	68,415
Assigned										
Unreserved, reported in										
Special revenue funds	6,530,516	3,763,105	3,564,887	2,781,166	-	-	-	-	-	-
Capital projects	2,412,100	4,199,046	3,363,128	3,057,292	-	-	-	-	-	-
Unassigned	-	-	-	-	(204,412)	-	-	-	-	-
Total all other governmental funds	$ 10,684,040	$ 9,252,835	$ 8,175,954	$ 7,079,327	$ 8,031,311	$ 7,134,448	$ 9,083,906	$ 13,873,806	$ 11,313,162	$ 8,961,229

City of Bedford, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Table 4

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes, penalties and interest	$ 27,693,033	$ 26,844,636	$ 26,881,888	$ 27,283,735	$ 27,322,766	$ 27,950,618	$ 28,278,856	$ 29,072,928	$ 30,729,516	$ 30,859,702
Licenses and permits	1,014,223	802,498	614,126	710,722	521,463	863,709	456,761	628,484	871,081	692,700
Charges for services	2,295,407	2,579,188	2,725,039	2,522,870	2,817,269	2,822,239	3,097,437	3,177,429	3,591,135	3,959,448
Fines and forfeitures	1,142,100	1,353,458	1,515,851	1,920,400	2,109,088	2,078,895	1,502,737	2,220,906	1,949,006	1,660,311
Support from governmental entities	1,025,420	752,157	923,368	3,034,152	2,329,053	654,732	661,413	689,840	647,946	365,533
Interest	1,062,939	793,585	344,023	151,108	131,541	26,459	33,521	43,393	45,552	86,353
Miscellaneous	972,943	705,769	396,980	300,394	577,387	557,599	622,819	425,913	486,410	4,792,905
Total revenues	35,206,065	33,831,291	33,401,275	35,923,381	35,808,567	34,954,251	34,653,544	36,258,893	38,320,646	42,416,952
Expenditures										
General government	1,975,517	1,884,640	1,865,968	1,881,419	1,637,817	1,574,751	1,627,934	1,791,511	2,229,137	2,005,931
Community services	1,469,188	1,741,022	2,113,053	1,814,002	1,780,483	1,912,686	1,953,414	1,488,981	1,682,326	1,806,262
Public services	2,280,339	5,165,407	2,808,318	3,678,797	3,497,327	2,708,419	2,457,948	2,452,901	2,622,977	3,263,538
Administrative services	1,810,950	1,810,273	1,837,426	1,946,935	1,903,157	2,081,900	1,946,533	2,261,952	2,057,540	2,194,218
Public safety	16,120,214	16,444,533	17,179,678	17,144,215	16,986,248	16,126,751	16,797,850	18,051,735	18,346,405	19,383,973
Leisure services	3,525,025	3,538,133	3,605,545	3,666,662	3,782,933	3,661,546	3,751,588	3,804,071	4,046,351	4,290,997
Capital outlay	1,239,719	4,677,674	2,793,519	9,192,117	5,272,761	2,281,440	1,243,851	2,114,252	5,154,812	2,943,455
Debt service										
Interest and fiscal agent fees	2,324,110	2,326,809	2,168,905	2,047,707	2,265,090	1,921,115	1,689,615	1,462,845	1,358,233	1,119,668
Principal retirement	3,775,000	4,110,000	4,245,000	4,405,000	4,610,000	5,186,621	5,066,888	5,268,055	5,775,675	5,698,767
Bond issuance costs	-	-	-	-	-	-	72,818	96,476	-	-
Total expenditures	$ 34,520,062	$ 41,698,491	$ 38,617,412	$ 45,776,854	$ 41,735,816	$ 37,455,229	$ 36,608,439	$ 38,792,779	$ 43,273,456	$ 42,706,809

City of Bedford, Texas

Changes in Fund Balances of Governmental Funds (Continued)

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Table 4 (Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues Over Expenditures	$ 686,003	$ (7,867,200)	$ (5,216,137)	$ (9,853,473)	$ (5,927,249)	$ (2,500,978)	$ (1,954,895)	$ (2,533,886)	$ (4,952,810)	$ (289,857)
Other Financing Sources (Uses)										
Issuance of debt	-	4,002,129	-	4,885,000	6,115,000	-	5,375,000	5,500,000	-	-
Lease purchase proceeds	-	-	-	-	-	339,011	228,370	221,936	-	-
Proceeds from sale of capital assets	-	26,972	5,265	43,152	44,797	219,723	77	40,764	35,550	11,489
Premium on debt	-	-	-	-	97,085	-	75,085	61,948	-	-
Proceeds from refunding	-	-	-	-	-	-	-	-	-	-
Payments to escrow account	-	-	-	-	(3,313,090)	-	(3,682,267)	-	-	-
Insurance proceeds	-	-	101,263	55,023	10,288	41,100	45,073	30,669	27,485	55,635
Transfers in	3,647,499	3,638,901	3,648,823	4,803,148	3,909,807	3,863,681	3,896,716	3,999,750	3,956,299	4,658,149
Transfers out	(1,614,383)	(1,605,784)	(1,596,899)	(2,616,681)	(1,573,176)	1,487,017	(1,482,265)	(1,493,147)	(1,476,509)	(2,013,733)
Total other financing sources (uses)	2,033,116	6,062,218	2,158,452	7,169,642	5,290,711	5,950,532	4,455,789	8,361,920	2,542,825	2,711,540
Net Change in Fund Balances	$ 2,719,119	$ (1,804,982)	$ (3,057,685)	$ (2,683,831)	$ (636,538)	$ 3,449,554	$ 2,500,894	$ 5,828,034	$ (2,409,985)	$ 2,421,683
Debt Service as a Percentage of Noncapital Expenditures	18.3%	17.4%	17.9%	17.6%	18.9%	20.2%	19.3%	18.6%	18.7%	17.1%

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Revenue Capacity

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City of Bedford, Texas

Tax Revenues by Source – Governmental Funds

Last Ten Fiscal Years

Table 5

Fiscal Years Ended	Ad Valorem	Hotel/Motel	Franchise	Sales and Other	Total
2007	$ 12,665,245	$ 1,006,541	$ 4,518,607	$ 9,502,640	$ 27,693,033
2008	13,010,378	665,255	3,195,320	9,691,349	26,562,302
2009	13,459,108	434,495	3,407,455	9,360,239	26,661,297
2010	13,693,999	557,129	3,278,385	9,531,017	27,060,530
2011	13,968,871	663,291	3,405,709	9,060,295	27,098,166
2012	13,735,255	723,745	3,325,941	9,363,047	27,147,988
2013	14,411,722	749,612	3,338,307	9,629,427	28,129,068
2014	14,474,874	840,119	3,584,311	9,985,658	28,884,962
2015	14,543,198	1,027,473	3,555,243	11,048,748	30,174,662
2016	15,507,727	1,123,421	3,432,957	11,022,859	31,086,964

City of Bedford, Texas

Water Revenue

Last Ten Fiscal Years

Table 6

Fiscal Years Ended	Number of Customers	Gallons Billed (000's)	Water Revenue	Revenue Per Customer	Revenue Per 1,000 Gallons
2007	22,974	2,499,179	$ 7,559,401	$ 329	$ 3.02
2008	23,113	2,804,199	8,460,437	366	3.02
2009	23,100	2,667,852	9,245,489	400	3.47
2010	23,085	2,486,470	10,038,233	435	4.04
2011	23,090	2,945,337	12,673,013	549	4.30
2012	23,035	2,674,949	12,185,112	529	4.56
2013	23,018	2,511,415	11,834,377	514	4.71
2014	23,041	2,337,171	11,855,648	515	5.07
2015	23,116	2,235,456	12,309,854	533	5.51
2016	23,172	2,485,667	12,806,549	553	5.15

City of Bedford, Texas

Principal Water Customers

Fiscal Year Ended September 30, 2016

Table 7

Customer Name	Gallons Consumed (000's)	Percent Total	Amount Billed	Total Percent
Kensington Station Apts.	112,412	4.52%	$ 407,742	3.18%
Texas Health Resources-HEB Hospital	59,912	2.41%	218,641	1.71%
Walden Residential Property Apartments	50,450	2.03%	220,524	1.72%
Colonial Village @ Willow Creek	25,845	1.04%	123,342	0.96%
Colonial Village @ Shoal Creek	25,417	1.02%	123,076	0.96%
1611 Oak Creek Lance, LP (Oak Creek Apt)	22,503	0.91%	94,911	0.74%
City of Bedford	21,941	0.88%	126,095	0.98%
The Reserve at Central Park	18,852	0.76%	83,932	0.66%
Windmill Terrace	16,140	0.65%	74,302	0.58%
Amherst Apartments - 2007 Amherst LP	15,505	0.62%	64,911	0.51%
Top ten total	368,977	14.84%	1,537,476	12.00%
City total	2,485,667	100%	$ 12,806,549	100%

City of Bedford, Texas

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Table 8

Fiscal Years Ended		Real Property	Personal Property	Total Market Value	Less Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2007		$ 2,760,812,235	$ 208,984,999	$ 2,969,797,234	$ 214,560,155	$ 2,755,237,079	0.4468820	$ 2,755,237,079
2008		2,842,614,223	196,258,668	3,038,872,891	241,756,607	2,797,116,284	0.4468820	2,797,116,284
2009		3,087,588,896	191,415,397	3,279,004,293	365,023,177	2,913,981,116	0.4468820	2,913,981,116
2010		3,091,012,419	190,186,408	3,281,198,827	346,224,096	2,934,974,731	0.4633480	2,934,974,731
2011		2,986,569,350	179,267,541	3,165,836,891	363,395,164	2,802,441,727	0.4916090	2,802,441,727
2012	*	3,095,960,546	168,619,714	3,264,580,260	387,551,829	2,877,028,431	0.5043290	2,877,028,431
2013		3,235,990,575	159,315,402	3,395,305,977	429,317,650	2,965,988,327	0.4991150	2,970,991,006
2014		3,202,304,589	161,052,296	3,363,356,885	402,262,501	2,961,094,384	0.4948303	2,961,094,384
2015		3,372,021,008	165,181,254	3,537,202,262	449,152,253	3,088,050,009	0.4948303	3,121,183,647
2016		3,359,873,966	168,488,758	3,528,362,724	451,210,531	3,077,152,193	0.4948303	3,192,632,438

Source: Tarrant County Appraisal District (Reports)

*Note: Total Taxable Assessed Value and Estimated Actual Taxable Value Columns are based on the July Certified Appraisal rolls with the exception of 2012. 2012 Total Taxable Assessed Value and Estimated Actual Taxable Value columns are based on the September Certified Appraisal rolls due to the timing of re-evaluation of properties. If the July rol1 would have been used, the taxable value would have been materially understated.

City of Bedford, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

Taxpayer	2016 Taxable Assessed Value	2016 Percentage of Total City Taxable Assessed Value	2007 Taxable Assessed Value	2007 Percentage of Total City Taxable Assessed Value
CMF 15 Portfolio LLC	$ 91,800,000	2.88%	$ -	0.00%
Parc Plaza Homes LP	39,078,376	1.22%	-	0.00%
WDOP SUB II LP/WDOP SUB I LP	33,938,730	1.06%	12,778,646	0.46%
1611 Oak Creek Lane LP	31,900,000	1.00%	-	0.00%
Harwood Partners LLLP	23,428,400	0.73%	-	0.00%
Point Loma Woods Dallas LLC	22,300,000	0.70%	18,341,190	0.67%
PEM 121 Airport S LP ETAL	20,344,608	0.64%	27,102,715	0.98%
Allmark Central Park LP	19,500,000	0.61%	-	0.00%
Oncor Electric Delivery	19,347,900	0.61%	-	0.00%
BW Pecan Creek LLC	18,551,143	0.58%	-	0.00%
Meridian Hill LP	-	0.00%	58,579,411	2.13%
Wal-Mart Stores, Inc.	-	0.00%	27,165,204	0.99%
TXU Electric Delivery Co.	-	0.00%	19,015,152	0.69%
Shops at Central L.P.	-	0.00%	17,532,006	0.64%
ML CASA III LP	-	0.00%	12,485,220	0.45%
Newkirk Texford LP	-	0.00%	12,480,000	0.45%
Tellabs-Bedford, Inc.	-	0.00%	11,183,815	0.41%
Total	$ 320,189,157	10.03%	$ 216,663,359	7.87%
Total Taxable Assessed Value	$ 3,192,632,438		$ 2,755,237,079	

City of Bedford, Texas

Property Tax Levies and Collections

Last Ten Fiscal Years

Table 10

Fiscal Years Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections of Previous Years	Collected With the Fiscal Year of the Levy	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 12,665,246	$ 12,576,174	99.30%	$ 85,749	$ 12,661,923	99.97%
2008	13,032,220	12,951,575	99.38%	71,900	13,023,475	99.93%
2009	13,584,386	13,334,703	98.16%	48,001	13,382,704	98.52%
2010	13,688,110	13,566,375	99.11%	55,547	13,621,922	99.52%
2011	13,897,299	13,799,107	99.29%	93,693	13,892,800	99.97%
2012	14,374,422	14,201,336	98.80%	63,934	14,265,271	99.24%
2013	14,437,257	14,263,591	98.80%	51,369	14,314,960	99.15%
2014	14,524,393	14,414,247	99.24%	15,728	14,429,974	99.35%
2015	15,079,653	14,817,417	98.26%	33,488	14,850,904	98.48%
2016	15,294,958	15,244,866	99.67%	18,242	15,263,108	99.79%

Source: Tarrant County Tax Office (YTD Summary - Section A,B,C)

Debt Capacity

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City of Bedford, Texas

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Contractual Obligations	Certificates of Obligation	Tax Notes	Capital Leases	Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation			
2007	$ 49,620,000	$ 540,000	$ 825,000	$ 840,000	$ -	$ 4,000,000	$ 1,245,000	$ -	$ 57,070,000	4.13%	1,164
2008	50,635,000	360,000	-	720,000	-	3,760,000	820,000	4,790,000	61,085,000	3.85%	1,235
2009	46,740,000	180,000	-	550,000	-	2,580,000	390,000	4,625,000	55,065,000	3.44%	1,128
2010	47,575,000	-	-	375,000	-	3,395,000	-	6,490,000	57,835,000	3.68%	1,231
2011	43,580,000	-	2,440,000	190,000	-	4,150,000	-	10,810,000	61,170,000	3.77%	1,302
2012	38,738,000	-	2,285,000	-	339,000	-	4,510,000	9,832,000	55,704,000	3.39%	1,185
2013	35,680,000	-	2,120,000	-	478,872	-	3,945,000	14,330,000	56,553,872	3.50%	1,164
2014 *	34,926,852	2,309,788	1,977,498	-	395,817	-	3,703,018	13,756,004	57,068,977	3.32%	1,171
2015	29,462,886	2,098,809	1,805,970	-	310,142	-	3,395,766	13,097,194	50,170,767	2.83%	1,023
2016	24,083,919	1,882,830	1,634,443	-	221,375	-	3,078,513	41,798,385	72,699,466	4.00%	1,479

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Personal income and population information can be found at Tarrant County Appraisal District.
* Beginning fiscal year 2014, balances are net of bond premiums/discounts.

City of Bedford, Texas

Ratio of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Table 12

Fiscal Years Ended	General Bonded Debt Outstanding: Gross Bonded Debt	Less Debt Service	Less Debt Payable from Enterprise	Total	Percentage of Actual Taxable Value of Property	Per Capita
2007	$ 53,070,000	$ 1,597,012	$ 1,245,000	$ 50,227,988	1.76%	1,024
2008	57,325,000	1,290,684	5,610,000	50,424,316	1.70%	1,020
2009	56,065,000	1,247,939	5,015,000	49,802,061	1.71%	1,002
2010	57,835,000	1,240,869	6,490,000	50,104,131	1.79%	1,067
2011	59,550,000	1,219,755	13,340,000	44,990,245	1.56%	958
2012	58,705,000	1,108,669	12,725,000	44,871,331	1.50%	949
2013	54,575,000	1,070,702	12,075,000	41,429,298	1.40%	853
2014*	56,673,160	977,409	17,459,022	38,236,729	1.29%	785
2015	49,860,625	936,908	16,492,960	32,430,757	1.05%	661
2016	72,478,091	936,908	44,876,899	26,664,284	0.87%	547

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Property value data can be found in Table 8
Population data can be found in Table 16
* Beginning fiscal year 2014, balances are net of bond premiums/discounts.

City of Bedford, Texas
Direct and Overlapping
Governmental Activities Debt
September 30, 2016

Table 13

Taxing Jurisdiction	Taxable Assessed Value (000's) 2015/2016	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
Hurst-Euless-Bedford Independent School District	$ 9,449,108	$ 255,891,703	33.64%	$ 86,081,969
Tarrant County	132,397,275	344,172,983	2.41%	8,294,569
Tarrant County College District	132,583,775	-	2.41%	-
Tarrant County Hospital District	132,397,026	23,296,482	2.41%	561,445
Subtotal overlapping debt		623,361,168		94,937,983
City of Bedford	3,077,152	27,601,192	100.00%	27,601,192
Total direct and overlapping debt		$ 650,962,360		$ 122,539,175

Source: Debt outstanding data provided by Municipal Advisory Council of Texas and City records.

*The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

City of Bedford, Texas

Legal Debt Margin Information

Last Ten Fiscal Years

Table 14

Fiscal Year	Total Taxable Assessed Value (AV)	Debt Limit 2.5% of Assessed Value (AV)	Total Net Debt Applicable to the Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a % of Taxable AV	% of Debt Limit Available
2007	$2,797,116,284	$ 69,927,907	$ 53,070,000	$ 16,857,907	1.9%	24.1%
2008	2,913,981,116	72,849,528	57,325,000	15,524,528	2.0%	21.3%
2009	2,934,974,731	73,374,368	56,065,000	17,309,368	1.9%	23.6%
2010	2,802,441,727	70,061,043	57,835,000	12,226,043	2.1%	17.5%
2011	2,877,028,431	71,925,711	59,550,000	12,375,711	2.1%	17.2%
2012	2,965,988,327	74,149,708	58,705,000	15,444,708	2.0%	20.8%
2013	2,961,094,384	74,027,360	54,575,000	19,452,360	1.8%	26.3%
2014	3,121,183,647	78,029,591	56,673,160	21,356,431	1.8%	27.4%
2015	3,077,152,193	76,928,805	49,860,625	27,068,180	1.6%	35.2%
2016	3,390,275,174	84,756,879	72,478,091	12,278,788	2.1%	14.5%

Note: The City of Bedford does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 states that a maximum tax rate of $2.50 per $100 assessed valuation may be imposed for any one year. Additionally, no debt shall be created by any city, unless at the same time provision be made to assess and collect annually a sufficient sum to pay the interest thereon and creating an interest and sinking fund of at least 2% thereon.

Although Section 6.01 of the *Bedford City Charter* states a maximum tax rate of $1.50 per $100 assessed valuation, this particular table will address the City of Bedford's legal debt limit by using Article XI, Section 5 of the State Constitution because the City does not officially have a legal debt limit for general obligation bonds as well as certificate of obligations.

City of Bedford, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 15

Fiscal Years Ended	Water Revenue Bonds							
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Average Annual Debt Service	Average Requirements
				Principal	Interest			
2007	$ 12,333,536	$ 10,672,129	$ 1,661,407	$ 235,000	$ 198,400	3.83	$ 309,519	5.37
2008	13,451,782	12,620,031	831,751	240,000	187,049	1.95	287,053	2.90
2009	14,539,710	12,539,272	2,000,438	180,000	176,895	5.61	286,163	7.06
2010	16,104,703	13,531,696	2,573,007	185,000	167,908	7.29	283,163	9.09
2011	19,811,255	14,552,568	5,258,687	195,000	158,533	2.95	316,165	16.63
2012	18,915,135	13,473,986	5,441,149	-	-	-	- *	0.00
2013	17,908,621	13,900,489	4,008,132	-	-	-	-	0.00
2014	18,607,795	14,575,557	4,032,238	-	-	-	-	0.00
2015	20,241,208	14,623,282	5,617,926	-	-	-	-	0.00
2016	20,267,092	14,853,564	5,413,528	-	-	-	-	0.00

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Operating expenses do not include interest, depreciation or amortization expenses.

* 2012 – Annual Debt Service Variance is due to City refunding of its 1998 and 2002 revenue bonds.

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Demographic and Economic Information

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City of Bedford, Texas

Demographic and Economic Statistics

Last Ten Fiscal Years

Table 16

Calendar Years	Population	Personal Income	Per Capita Personal Income	Average Household Income	Median Age	School Enrollment	Unemployment Rate
2007	49,050	$ 1,381,493	$ 28,165	$ 66,120	37.9	20,350	3.7%
2008	49,450	1,587,542	32,104	75,508	38.2	21,000	3.6%
2009	49,700	1,628,072	32,758	76,000	38.4	20,653	6.0%
2010	49,979	1,573,186	33,487	81,109	38.9	50,537	6.8%
2011	46,979	1,620,682	34,498	75,462	34.2	20,898	6.8%
2012	47,001	1,641,557	34,926	61,584	39.5	20,762	5.2%
2013	48,566	1,615,499	33,264	78,521	40.4	21,814	5.3%
2014	48,721	1,719,705	35,297	78,372	40.6	22,138	4.7%
2015	49,054	1,773,155	36,147	80,275	40.6	22,180	4.6%
2016	49,151	1,819,154	37,001	82,240	40.6	22,762	3.6%

Sources: Population: North Central Texas Council of Governments (NCTOG)
Per Capita Personal Income and Average Household Income: Demographics Now
Median Age and Personal Income: Demographics Now
School Enrollment: hebisd.edu/insideheb/facts_figure.asp
Personal Income: Texas Labor Market and Career Information (TWC)

City of Bedford, Texas

Principal Employers

Current Year and Nine Years Ago

Table 17

Employer	2016 Employees	2016 Percentage of Total City Employment	2007 Employees	2007 Percentage of Total City Employment
Texas Health Resources	1,600	5.35%	1,800	6.20%
Carter Blood Care	856	2.86%	600	2.07%
Wal-Mart Supercenter	413	1.38%	318	1.10%
Warrantech	412	1.38%	550	1.90%
City of Bedford	359	1.20%	359	1.24%
The Beryl Companies	365	1.22%	251	0.87%
State National Companies	315	1.05%	-	0.00%
HEB ISD (Administrative Office)	282	0.94%	-	0.00%
Daystar Television Network	266	0.89%	-	0.00%
Grubb's Nissan	135	0.45%	155	0.53%
Citigroup	-	0.00%	540	1.86%
Albertson's	-	0.00%	175	0.60%
Nuvell Credit & Finance	-	0.00%	154	0.53%
	5,003	16.74%	4,902	16.90%
	24,885	83.26%	24,109	83.10%
Total	29,888	100.00%	29,011	100.00%

Sources: Total City Employment information can be found Texas Workfoce Commission Website via (http://www.tracer2.com/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE)

City of Bedford, Economic Development Department – Demographics data

City of Bedford, Texas

Direct and Overlapping Tax Rates

Last Ten Fiscal Years

Table 18

Fiscal Year	City Direct Rates			Overlapping Rates			
	Operating / General Rate	General Obligation Debt Service	Total Direct Rate	Hurst-Euless-Bedford ISD	Tarrant County	Tarrant County Hospital District	Tarrant County Community College
2007	0.2881	0.1588	0.4469	1.5975	0.2715	0.2354	0.1394
2008	0.2976	0.1493	0.4469	1.3004	0.2665	0.2304	0.1394
2009	0.2858	0.1610	0.4469	1.2950	0.2640	0.2279	0.1380
2010	0.2991	0.1643	0.4633	1.2955	0.2640	0.2280	0.1377
2011	0.3091	0.1825	0.4916	1.2882	0.2640	0.2279	0.1376
2012	0.3113	0.1931	0.5043	1.4140	0.2640	0.2280	0.1490
2013	0.3060	0.1931	0.4991	1.4075	0.2640	0.2279	0.1490
2014	0.3032	0.1916	0.4948	1.3875	0.2640	0.2279	0.1490
2015	0.2899	0.2049	0.4948	1.3500	0.2640	0.2279	0.1495
2016	0.2993	0.1955	0.4948	1.3500	0.2640	0.2279	0.1495

Sources: City of Bedford Budget Office, Tarrant Appraisal District

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Operating Information

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City of Bedford, Texas

Full-time Equivalent City Governmental Employees by Function/Program

Last Ten Fiscal Years

Table 19

Function/Program	Full-time Equivalent Employees as of September 30, 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Management and communication	8.0	8.0	8.0	6.0	6.0	6.0	6.0	7.5	7.5	8.5
Finance	14.5	14.0	14.0	13.0	12.0	12.0	12.5	11.5	11.5	11.5
Municipal Court and Teen Court	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.0
Development and planning	12.0	13.5	15.0	18.0	12.8	12.8	6.0	6.0	6.0	6.0
Library	16.4	16.4	16.4	16.4	16.4	17.2	19.7	19.6	19.6	19.5
Support services	7.0	7.0	7.0	7.0	11.0	10.0	10.0	11.0	11.0	22.0
Police										
Officers	84.9	82.0	82.0	83.0	86.3	84.3	80.0	80.0	80.0	81.0
Civilians	47.0	47.0	47.0	51.7	48.6	49.6	55.0	53.0	56.0	57.0
Animal control	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Fire										
Firefighters and officers	64.0	64.0	64.0	64.0	64.0	63.0	63.0	63.0	63.0	63.0
Civilians	1.0	2.0	2.0	2.0	2.0	2.0	8.0	8.0	9.0	10.0
Parks and recreation										
Management and comm.	0.0	0.0	0.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Parks and recreation	41.9	42.8	42.8	41.3	37.8	36.4	37.5	37.6	37.1	39.1
Senior Citizens Center	4.0	4.0	4.0	4.0	3.0	3.5	3.5	3.5	3.5	3.5
Tourism and special events	0.0	0.0	0.0	0.0	3.5	3.5	4.4	4.5	5.5	7.0
Public works										
Engineering	4.0	5.0	5.0	6.1	6.0	6.0	5.5	5.5	8.0	8.0
Water	12.6	12.6	12.6	12.0	15.0	13.0	13.8	12.5	12.5	12.5
Wastewater	11.0	10.0	10.0	10.0	8.0	7.0	7.0	7.5	7.5	7.5
Stormwater	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Streets	11.0	11.0	11.0	11.0	10.0	11.0	10.0	10.0	10.0	10.0
Fleet maintenance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0
Total	364.3	365.3	366.8	372.5	369.4	365.2	369.8	368.8	375.7	390.1

Source: City Finance - Position Control Report

City of Bedford, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years

Table 20

Function/Program	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community services										
Building permits issued	6,051	4,925	917	762	800	297	761	778	535	650
Estimated cost	33,101,399	23,921,329	15,326,556	27,144,564	10,216,130	41,282,146	19,951,220	29,646,601	37,315,837	29,813,302
Police										
Physical arrests	2,692	2,986	2,368	2,607	3,490	3,285	2,715	2,534	1,982	1,992
Parking violations	3,874	4,115	91	114	150	207	135	47	90	229
Traffic violations	12,628	14,664	11,225	14,740	15,945	15,929	11,848	19,807	16,056	10,898
Fire										
Emergency responses	7,203	7,345	7,291	7,312	7,550	8,218	8,114	8,155	8,042	8,431
Patients transported	2,444	2,474	2,478	2,462	2,628	2,989	3,015	3,038	3,198	3,118
Fires extinguished	237	206	132	88	145	90	103	106	199	115
Inspections	1,878	2,480	2,189	2,705	2,438	2,901	2,835	3,096	3,152	3,366
Culture and recreation										
Parks and recreation										
Athletic league spring team	8	15	42	39	12	8	-	-	-	-
Athletic league fall team	21	16	13	13	10	-	-	-	-	-
Community center registration	3,593	3,562	4,154	3,666	3,633	3,945	4,040	4,112	4,795	4,483
Annual recreation revenue	178,490	209,346	268,871	267,648	281,047	306,587	289,285	332,189	508,903	511,242
Library										
Population service	49,050	49,450	49,700	49,700	46,979	47,001	48,566	48,721	49,054	49,151
Number of library visits	226,092	252,319	271,764	256,674	279,991	279,991	252,506	244,388	221,177	219,543
Volumes in collection	105,389	101,935	101,179	99,104	101,395	101,395	112,644	118,095	114,573	149,071
Total volumes borrowed	460,782	496,144	511,186	252,401	552,737	552,737	579,572	584,917	567,290	545,126
Turnover rate	4.40%	4.90%	5.10%	5.80%	5.50%	5.45%	514.52%	514.52%	362.00%	346%
Total operating expenditures	985,787	1,015,766	1,037,121	1,141,421	1,089,441	1,089,441	1,249,419	1,309,275	1,320,502	1,457,919
Cost per population served	20.1	20.54	20.87	22.96	21.92	22	26	27	27	30
Total paid staff (FTE)	16.38	16.38	16.38	16.38	16.38	16	20	20	19	19
Public works										
Street repair – asphalt sq. yard	2,018	1,494	2,150	3,055	40,988	36,004	21,850	26,425	27,186	60,935
Street repair – concrete sq. yard	782	73	311	602	22,661	3,693	3,655	311	6,216	19,623
Sidewalk installation/repairs – sq. yard	15,555	22,483	32,913	4,947	1,684	10,503	5,630	5,950	6,500	9,255
Water and sewer										
New connections – water	65	127	(23)	(31)	36	14	(14)	23	75	57
New connections – sewer	60	3	27	(14)	63	5	6	(4)	51	63
Water main breaks	31	20	21	24	39	67	46	46	62	31
Stated in thousands of gallons										
Average daily consumption	7,313	8,592	8,194	7,600	8,988	7,329	6,881	6,403	6,125	6,810
Peak daily consumption	14,529	16,476	14,168	12,932	16,232	12,375	10,141	9,588	14,133	13,136

Source: Various City departments

City of Bedford, Texas

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Table 21

Function/Program	Fiscal Year 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	15	15	15	17	17	17	17
Other units: CID-SWAT-PSO	47	47	47	58	58	58	50	59	63	65
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire equipment units	5	5	5	5	5	5	5	5	5	5
EMS units	4	4	4	4	4	4	4	4	4	5
Other units	11	11	11	11	11	11	11	11	11	11
Regional grant units – Homeland Security	11	11	11	11	11	11	-	-	-	2
Other public works										
Streets (miles)	460	460	460	460	460	460	455	456	456	456
Streetlights	1,725	1,735	1,737	1,738	1,738	1,738	1,738	1,738	1,738	1,751
Traffic signals	24	24	24	24	24	24	25	25	26	26
Parks and recreation										
Park acreage	150	150	150	150	150	150	150	150	155	155
Playgrounds	17	17	17	17	17	17	17	17	16	16
Swimming pools	3	3	3	3	3	3	4	4	4	4
Soccer/football fields	6	6	6	6	6	6	11	11	11	11
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	147	147	147	147	147	147	148	149	165	167
Fire hydrants	1,425	1,425	1,425	1,425	1,425	1,425	1,425	1,800	1,800	1,802
Storage capacity										
(one ground well – 250,000 gallons)	6,225	6,225	6,225	5,250	5,250	5,250	5,250	5,250	5,250	5,250
(elevated storage – 5 million gallons)										
Stormwater										
Storm sewers (miles)	91	91	91	91	91	91	92	92	93	173

Source: Various City departments

End of Document